FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 27,786 · Friday February 9 1979 · ***15p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 3.5; FRANCE Fr 3.5; GERMANY DM 2.0; ITALY L 600; NETHERLANDS Fl 2.0; NORWAY Kr 3.5; PORTUGAL Esc 25; SPAIN Pts 50; SWEDEN Kr 3.25; SWITZERLAND Fr 2.0; EIRE 15p

NEWS SUMMARY

GENERAL

Lords reject sanctions inquiry

PEERS went against the verdict of the Commons and refused to accept the Government's proposal for a Special Commission to investigate whether Ministers were aware of the sanctions-busting operations which enabled oil to reach Rhodesia.

Ignoring a warning by Lord Elwyn-Jones, the Lord Chancellor, that they were heading for a "clear confrontation," the Lords decided by 102 votes to 58, a majority of 44, to reject a motion concurring with the Commons and appointing four Peers to serve on the Commission.

Lord Hailsham, the former Lord Chancellor, won support from some Peers on the Labour back benches when he argued that the inquiry already conducted by the Bingham committee on breaches of oil sanctions had gone far enough.

He refused to accept that a decision by the Lords not to participate in the commission, must involve a confrontation with the Commons.

If the Commons wanted to set up their own committee of inquiry, they had the right to do so, but they should not ask the Lords to compromise "our own honour, our own integrity and our fundamental constitutional principles." Page 10

Channel Tunnel view 'unchanged'

The Government's attitude to the Channel Tunnel project, abandoned in 1975, remained unchanged, Mr. William Rodgers, Transport Secretary, told the Commons. The British Railways Board is going ahead with plans for a single track tunnel following a technical and economic study. Page 6

Farming boost

The UK intends to expand the farming industry, and dairy production in particular. The policy would be "highly provocative" in Europe said Agriculture Minister John Silkin. Back, Pages 10 and 27

Weinstock settles

Sir Arnold Weinstock, managing director of GEC, accepted an apology, token damages and costs in settlement of a High Court libel action against Private Eye for an attack which the magazine conceded was without foundation.

Diplomatic move

China and Portugal have agreed on diplomatic recognition and will exchange envoys within three months. Portugal will continue to administer Macao, which is on Chinese territory.

Beer price bid

Courage, the Imperial Group brewery subsidiary, confirmed that it is asking the Price Commission if it can increase the price of a pint of beer by 3p. Page 6

Trawler search

North Sea air search failed to find any trace of the Peterhead-based trawler Tarradale II last heard from in Norwegian waters last Friday. The search resumes today.

Fresco rescue

Italy is to spend L500m (£300,000) on a major restoration of Leonardo da Vinci's fresco The Last Supper and the church where it is housed.

Briefly . . .

Manchester GP Dr. Alva Brown has been left £250,000 by a patient because he cared for her dog.

Clarinettist Gervase de Peyer and his wife, opera singer Susan Daniel, are to be divorced.

BUSINESS

Equities fall 6.3; gilts at 2-year low

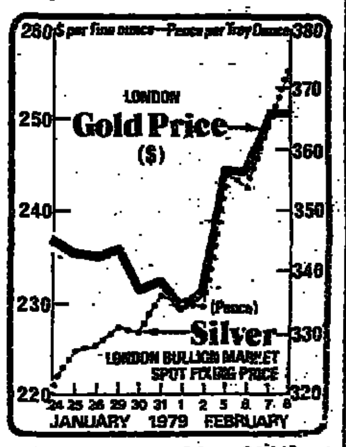
● EQUITIES saw heavy selling ahead of the Minimum Lending Rate decision but rallied later as pressure eased. The FT 30-share index was 6.3 down at a ten-month low of 448.9.

● GILTS continued to ease in the belief that the MLR rise was not enough. Re-activation of long tap Treasury 12¼ per cent 2003-05 failed to stabilise the market and falls extended to ¾. Shorts lost up to ½. The Government securities index was 0.48 down at a two-year low of 64.64.

● STERLING fell 90 points to $2.0050 after rallying on Mr. Mr. Healey's statement on re-valuing official reserves. The trade-weighted index fell to 63.4 (63.5).

● DOLLAR regained early losses and its depreciation narrowed to 8.6 (9.1) per cent.

● GOLD closed unchanged at $250¼ in London despite hectic trading and touching $254¾ at one stage.



● WALL STREET was 2.42 up at 818.43 near the close.

● BRITISH National Oil Company consortium is to buy Ashland Oil's 5.43 per cent interest in the Thistle Field for $94.5m Back Page

● JAPANESE domestic airline TDA is to buy six European Airbuses and spares for about ££113m to be delivered between 1980 and 1982. Back Page

● BRITAIN is to revalue its official reserves of gold and foreign currencies on a basis more closely related to market prices in an accounting adjustment. Back Page

● ANGLO-IRANIAN talks on the future of £1bn of defence contracts, affecting 20,000 UK workers, will be held in Tehran in a few days. Page 3; Oil shortages Pages 4 and 18

● GOVERNMENT must find new ways of encouraging industrial innovations, including tax incentives, says a report expected to be presented to the Cabinet this month. Back and Page 19

● BRITISH AIRWAYS get profits rose shorply by nearly 80 per cent to £128m (£71m) between April 1 and December 31, 1978. Passanger traffic rose by 26 per cent. Page 7

● DOW CHEMICALS Europe is planning price increases of up to 114 per cent to recover rising feedstock costs and obtain a sufficient return to invest. Page 6

COMPANIES

● IMPERIAL GROUP saw pre-tax profits rise from £129.12m to £131.08m on sales of £3.43bn (£3.2bn) for the year to October 31. Page 20

● CII HONEYWELL BULL, the U.S.-French computer group made a pre-tax profit of FFr 230.9m (£27.16m) last year, a surplus over its FFr 212m annual Government subsidy. Page 24

● UNIPEC group of Brazil has gained a 51 per cent controlling interest in Standard Electric SA, the Brazilian subsidiary of ITT.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		
Assoc. Newspapers	188	+ 6
Caledonian Hldgs.	100	+ 7
Chesterfield	380	+ 10
Cohen (A.)	205	+ 25
Pye Hldgs.	90½	+ 10½
Toye	87	+ 4½
Wormalds Walker	20	+ 9
Shell Transport	614	+ 12
Anglo-Amer. Coal	780	+ 20
Geevor	155	+ 5
Gld. Mns. Kalgoorlie	89	+ 7
North Kalgurli	20	+ 3
FALLS:		
Treas. 12pc 1983 A	£93½xd	− 2
Treas. 12¼pc 03-05	£88¾	− 1
Averys	201	− 9
Beecham	592	− 10
Bett Bros.	53	− 4
Blockleys	62	− 9
Costain Defd.	106	− 8
De La Rue	327	− 17
Dowty	256	− 8
Heath (C. E.)	227	− 8
HK & Shanghai	274	− 11
Jacks (Wm.)	35	− 6
Laing Props. A	116	− 7
Land Secs.	250	− 4
Metal Box	300	− 6
Pyke (Hldgs.)	55	− 10
Rank Org.	228	− 8
Serck	62	− 5
Standard Chartrd.	430	− 20
Stormguard	12	− 6
Utd. Scientific	261	− 5
Guthrie	428	− 10
Kuala Lmpr. Kepng.	79	− 5
MIM Hldgs.	266	− 6
Middle Wits.	245	− 23
RTZ	275	− 5
S. African Land	76½	− 5
Stilfontein	365	− 12

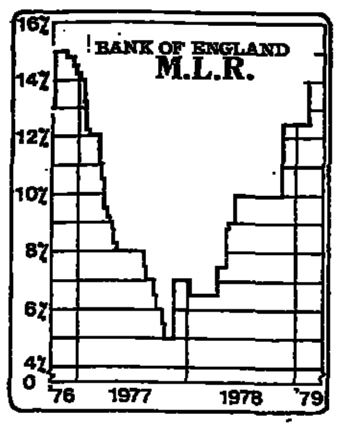
(Prices in pence unless otherwise indicated)

Clearing banks expected to follow suit

Lending rate up to 14% in pre-Budget holding operation

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

The Bank of England raised Minimum Lending Rate yesterday by 1½ points to 14 per cent in response to money market pressures, and in an attempt to demonstrate the Government's commitment to its monetary target.



The move essentially represents a holding operation before the Budget, though no emergency or early package is planned at present.

The intention of Mr. Denis Healey, Chancellor of the Exchequer, is still apparently to wait until the inflation outlook is less uncertain before deciding what further fiscal and monetary measures are necessary.

The relative stability of sterling has so far removed one obvious pressure for earlier action.

The new level of MLR has been exceeded only once before, when the rate was 15 per cent for a few weeks during the 1976 sterling crisis.

The latest rise has been forced on the authorities by the sharp rise in money market interest rates in the last three weeks.

This in turn has been the result of a revision upward of inflationary expectations, and of signs in Tuesday's banking figures of an acceleration in the rate of growth of the money supply.

The Bank's move is in part only an official recognition of this rise in rates, though as a reaffirmation of the policy of monetary restraint it also represents an attempt to establish a new base for interest rates and for the gilt-edged market.

The initial response was favourable to the extent that a substantial amount of stock, probably more than £300m, was sold by the Government Broker after the price of the long-dated tap stock had been cut.

There was speculation that this tap might be exhausted today.

The City's reaction was that the rise in MLR did not solve anything of itself, and that market attention, and any large-scale activity by investors, would depend on a clearer indication of the Budget strategy, or the election timing, whichever came first.

Unlike last November, when MLR was increased by 2½ points, the authorities have not sought to go beyond recent market movements and pre-empt future changes.

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No rise yet in home loans

By Michael Cassell and Michael Lafferty

THE RISE in MLR is expected to lead to an early increase in the clearing banks' base rates, although the building societies have decided not to take immediate action on mortgages.

The societies met yesterday in London as the increase in MLR was bein gannounced but they agreed not to make any decisions over their own rates for at least another month.

Their decision is expected to be ratified today at a full meeting of the Building Societies Association Council.

Though the clearers will be anxious to see how money market interest rates settle down, there seems little doubt they will move to raise their own interest rates, possibly today or early next week.

The decision is expected to lead to base rates of 14 per cent, in line with MLR, an increase of 1½ per cent.

Apart from increasing the cost of overdrafts, it seems likely that the cost of new, fixed-rate personal loans will also rise.

The prospect of a further increase in the cost of home loans, now at 11¾ per cent and only a ½ per cent below the 1976 record level, cannot be discounted but the matter seems unlikely to be discussed again until mid-March.

Yesterday, the societies took account of the fact that their November increase in interest rates had only recently taken effect and that, although their present competitive position was not strong, the present inflow of funds was perhaps not as bad as had earlier been feared. It still falls far short, however, of the level required to meet demand for loans.

The societies also appreciate that a rise in the mortgage rate of anything up to 13 per cent would provide only a marginal improvement on their investors' rates and consequently do little to improve the inflow of funds.

It is believed that no attempt has been made by the Government to influence the societies' in their decision.

£ in New York

—	Feb. 7	Previous
Spot	$2.0155-0170	$1.9987-9997
1 month	0.54-0.50 dis	0.49-0.44 dis
2 months	1.67-1.61 dis	1.57-1.52 dis
2 months	5.30-5.00 dis	5.05-4.85 dis

BL workers divided on strike call

BY PHILIP BASSETT AND ARTHUR SMITH

NO PROGRESS was made last night in talks aimed at averting the mounting crisis at BL Cars.

Management made it clear at a meeting with union leaders that it was not prepared to make any concession on its decision not to make parity payments until they could be financed through higher productivity.

Voting continued yesterday throughout BL plants over whether to take strike action. Estimates based on 20 plants which have already taken decisions, showed a split workforce with about 28,500 in favour of a strike and 27,650 against.

Last night Mr. Eric Varley, Industry Secretary, met Mr. Michael Edwardes, the company chairman. BL said the meeting was merely to present the facts to the Minister and no initiative could be expected.

After the talks with the unions, Mr. Pat Lowry, BL's director of personnel, said: "We have had to make it absolutely clear that there can be no question of the company's meeting the parity programme other than on a self-financing basis."

Mr. Lowry said the talks had cleared up the "misrepresentation" on targets and levels of performance which had occurred in reaching agreement on the pay package in December.

After failing to convince the management that, in the interests of preserving the form of collective bargaining beginning to emerge at BL Cars, the union representatives put forward a plan that productivity, on which the payments are based, should not be judged from January 1, but that assessment should wait until May and judgment made on the productivity in that period.

Union hopes of presenting a united front in the call for a strike by all 100,000 workers, suffered a setback with the decision by 7,000 employees at the Pressed Steel Fisher factory, Cowley, to stay at work.

But the real divisions between workers were exposed at the neighbouring assembly plant where, amid stormy scenes, shop stewards agreed to put the strike issue to a ballot of the 5,000-strong workforce.

The stewards' recommendation that workers should walk out in pursuit of a separate 35 per cent pay demand, met with a divided vote.

As opponents tried to seize the microphone Mr. Bob Fryer, chairman of the meeting, was hooted from the platform. After several minutes of confusion and heated argument, the stewards agreed to seek the assistance of management and ballot employees.

The decision of the Cowley men to stay at work must cast serious doubt upon the credibility of the strike call. They would have earned wage increases of up to £10 a week from the parity payments.

Senior stewards, who are scheduled to meet in Coventry on Monday, will be faced with the difficult decision of whether to press ahead with their planned action.

The 20,000 workers at Longbridge, who staged an immediate walk-out on Wednesday, and have already mounted a picket to halt building work on the fwactory for the new small car, are setting the pace. Mass meetings of the 10,000 employees at Triumph, Coventry, and the 14,000 at Rover plants, in Birmingham, today could swing the issue.

While shop stewards are likely to be urging strike action, the Rover and Triumph workers are among the top wage earners and stand to gain less than the parity package.

Whatever the decision of the official union movement, the threat of unilateral action by toolmakers remains. Mr. Roy Fraser, chairman of the unofficial committee that claims support from 3,000 skilled men, gave notice last night that industrial action was again being considered.

Car production figures Page 6

British Steel set to axe 6,000 jobs at Corby

BY ROY HODSON

STEELWORKERS at Corby, Northants, will be told today of British Steel Corporation plans to end iron and steelmaking there, with the loss of up to 6,000 jobs.

The proposals, put to the TUC Iron and Steel Committee in London yesterday at a meeting which also discussed—but failed to agree on—earlier BSC plans for the closure of a smaller plant at Bilston, Staffs., where up to 1,500 jobs are at risk, seem certain to run into union opposition. Already, a Corby workers' action committee has been formed to fight the closure.

The Corby works, with 10,500 employees, is Britain's most important centre for tube production. But the iron and steelmaking side—with four blast furnaces and three basic oxygen steel converters, it turns out more than 1m tonnes of steel a year, nearly all of it used for tubes production—is making losses estimated at £30m a year.

Under the proposals, tubes production would continue, but with the tubes mills supplied with finished steel made at newer steel plants in other parts of Britain.

British Steel is seeking discussions with the unions about an agreed closures programme, which could also hit the ironstone quarries at Corby, accompanied by new arrangements for delivering steel from other works.

Members of the action committee lobbied yesterday's talks, but were unable to see Mr. Bill Sirs, chairman of the TUC committee and general secretary of the industry's largest union, the Iron and Steel Trades Confederation, who left before the meeting ended.

The decided immediately to seek national support to stop the movement of steel into Corby from other works.

BSC's plans for Corby and Bilston are part of its programme for shutting high-cost steelworks in a bid to cut losses estimated at £350m this year and which could be even higher as a result of recent industrial disputes.

Now that British Steel has two fights on its hands at Bilston and Corby it is unlikely to attempt during this year to close steelmaking at two other high-cost works, Shotton, North Wales, and Consett, North-East England.

However, the Corporation's strategy for returning to profit is clear enough. It wants to end steel production at all four works to achieve an estimated saving of £100m a year.

Bulk steelmaking will be concentrated then in five centres: Ravenscraig, Teesside, Scunthorpe, Sheffield (where there is a concentration of electric steelmaking); and South Wales.

If no agreement on a closures programme for the three open-hearth steelmaking furnaces still working at Bilston is concluded with the unions by March 8, British Steel intends issuing 12-month notices of the ending of iron and steelmaking there.

French steel problems Page 2

Power warning by Siemens

BY ADRIAN DICKS IN BONN

WEST GERMANY is "driving on towards catastrophe" as a result of its failure to authorise new power station projects, Dr. Bernhard Plettner, chairman of Siemens, said yesterday.

With an annual 4.5 per cent rate of growth in electricity consumption, "We shall reach the limits of capacity by 1983-84," he said.

The Siemens chairman, whose company owns West Germany's troubled nuclear power contractor, Kraftwerk-Union, admitted that the group had reasons of its own to be worried about a shortfall in generating capacity.

But he added: "I am far more concerned about the outlook for the economy as a whole."

KWU's problems have been thrust into the foreground by events in Iran, where it has two nuclear plants under construction near Bushihr and had been hoping to win firm contracts for four more which may now be cancelled.

The company also appears likely to see completion of no more than four out of the eight plants it is due to build in Brazil, following the warning delivered by the new Brazilian Industry Minister last week.

In addition to a de facto freeze which has put a stop to six out of the 12 nuclear plants under various stages of construction in West Germany for the past two years, it has proved equally hard to make progress with conventionally-fuelled power stations.

Herr Plettner pointed out that these, too, required a lead time of 8-10 years. Yet with prospects of further cost increases for fossil fuels, nuclear power was still preferable on cost grounds.

One of the brighter spots on the horizon for KWU appears to be Argentina, where Herr Plettner said prospects were good for winning a contract for a second plant identical to the KWU-built Atucha I nuclear facilitity operating since 1975.

The difficulty for the German government looms, however, from the Argentine administration's unconcealed interest in acquiring additional facilities, possibly including an entire fuel cycle of the sort West Germany is contracted to sell to

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Siemens result Page 25

Prices Bill compromise

BY ELINOR GOODMAN, LOBBY STAFF

THE GOVERNMENT yesterday had to compromise over its plans for tightening up on price controls. It was forced to introduce an amendment to the Price Commission (Amendment) Bill which will enable a company to invoke relief from a price freeze if it is faced with a higher bill for imported raw materials.

The amendment followed negotiations with the Liberals and the Scottish Nationalists who wanted similar changes to the Bill. It should now become law by Monday as the Government wanted.

Under yesterday's compromise the Liberal amendment was replaced by one drawn up by the Government which also provides for relief. The difference between the amendments is that while the Liberals' was mandatory the Government's leaves some discretion in the hands of the Price Commission.

CONTENTS OF TODAY'S ISSUE

FEATURES

EEC warning of court action on budget default

BY GILES MERRITT IN BRUSSELS

BRITAIN, France and Denmark have been given formal warning by the EEC Commission in Brussels that they could face an action in the European Court of Justice over their refusal to subscribe to the Community's 1979 budget at the rate required by the European Parliament.

The Commission said yesterday that it is sending a letter to the three Governments, drawing their attention to the consequences of under-subscribing the budget that the Parliament has voted and that the Commission's legal service had declared valid.

The budget dispute centres on the Parliament's insistence late last year that EUA 480m (£325m) should be added to the EEC regional fund. The parliamentarians took advantage of a procedural hitch inside the Council of Ministers to adopt the increase, but the controversy embraces the sensitive issue of political authority. Unless settled speedily, it could cloud the direct elections for the European Parliament in June.

The present Parliament is due to meet in Luxembourg next week and there remains the threat that it might exercise its ultimate sanction of dismissing the 13-man European Commission for failing to ensure that the budget is implemented.

The Commission is now working on a three-stage solution. After indications earlier this week that France, which now holds the presidency of the Council of Ministers, is prepared to consider a compromise, members of the Commission are hoping to hold talks in Brussels with the Parliament's budget committee before next week's Luxembourg session.

The Commission's plan relies on careful timing, for three interlinked questions now make up the budget dispute and they must be settled almost simultaneously. Officials have said that the solution of any one of the issues without reference to the others could increase the difficulty.

The three points on which the Commission must negotiate agreement between the Parliament and member Governments are:

Refusal by three countries to accept the validity of the budget by refusing to pay in at the full rate.

Establishment of new procedures to avoid future budgetary wrangles without sapping either institution's powers.

A supplementary 1979 budget that would defuse the original row over the size of the Parliament's budget by enabling the two institutions to agree on a compromise figure.

Currency instability fears over further EMS delay

BY REGINALD DALE, EUROPEAN EDITOR

THE European Commission fears an outbreak of currency instability if introduction of the Community's new European Monetary System (EMS) is delayed much longer.

This was stated in London yesterday by M. Claude Cheysson, the Development Commissioner, who said his views were shared by Mr. Roy Jenkins, the Commission President. M. Cheysson was in London for routine talks with senior British Ministers, including Dr. David Owen, the Foreign Secretary, and Mrs. Judith Hart, the Minister for Overseas Development.

M. Cheysson said there was a limit to the amount of time in which central banks could maintain the present unofficial arrangements under which European currencies are being kept in line as if EMS were already in operation. "If it is not in force pretty soon the present relatively stable situation could vanish overnight," he told a Press briefing.

There was still a little time left, M. Cheysson said. As long as it was thought that the formal introduction of EMS was close at hand, the danger was limited. However, he would be seriously worried if the farm pricing problems that are holding up EMS were not solved before or during next month's meeting of the European Council in Paris.

M. Cheysson put at 50-50 the chances of agreement at next Monday's Council meeting of Agriculture Ministers. He was encouraged that all Nine Governments now accepted the principle of a complete price freeze. The problem, he said, was to find a way of dismantling the system of Monetary Compensatory Amounts (MCAs) that protect national farm prices from the impact of exchange rate movement, while at the same time freezing prices.

M. Cheysson said he was fairly confident that negotiations to renew the Lome Convention linking the Community with developing countries in Africa, the Caribbean and the Pacific could be concluded and signed by July.

PM in Danish wage talks

BY HILARY BARNES IN COPENHAGEN

PRIME MINISTER Anker Joergensen and senior Cabinet colleagues yesterday met representatives of both sides of Danish industry to discuss negotiations for a new two-year collective wage agreement. The current collective wage accords expire on March 1.

Before the meeting Ministers were briefed on economic forecasts for 1979 which anticipate a balance of payments deficit of about DKr 8bn (£785m) on the assumption that wages do not rise by more than 8 per cent.

The Social Democrat-Liberal coalition is firmly committed to reduce the deficit this year to about DKr 6.5bn. Last year's deficit was slightly above the forecast DKr 7.5bn, although the final figure has not yet been published. The 1977 deficit was DKr 10bn.

Independent economists are predicting that if the Government is to achieve the balance of payments target it will have to raise considerably consumption taxes later this year.

Industrial production increases in Italy

By Paul Betts in Rome

THE RECOVERY of Italy's industrial output after nearly two years of recession was confirmed yesterday by official figures released by the Central Statistics Bureau showing a 4.5 per cent increase in industrial production last December compared with the same month the previous year.

Industrial output last year increased by 1.8 per cent over 1977 with a substantial pick-up in production during the last months of the year confirming the overall recovery in economic momentum.

Most of the main industrial sectors are showing signs of recovery except textiles in which output dropped 4.8 per cent last year from the 1977 total.

Provisional estimates meanwhile indicate a continuing improvement in the balance of payments, with an expected surplus of nearly L850bn (£507m) last month. There was a sizeable balance of payments surplus last year of some L700bn.

Although industrial groups were expected to increase production at the end of last year to build up stocks, especially in view of the imminent renewal of a series of national labour contracts, export orders are understood to have risen steeply, enhancing the output recovery. Italy is expected to report its first trade surplus since World War II this year.

Despite the continuing rise in labour costs, the decline of the dollar and the policy of steering the lira on a downward float, letting it slide with the U.S. currency but at a slower rate, has enabled the country to remain competitive in exports.

In order to maintain this position, however, both industry and the monetary authorities are pressing the unions to curb wage claims to avoid real increases in wages.

Negotiations for the renewal of perhaps the most important three-year national labour contract, involving members of the key engineering and metalworkers union, began this week with few signs of union wage moderation.

Moro affair erupts again

By Rupert Cornwell in Rome

THE MORO affair has suddenly returned to the centre of the political stage, and threatens to complicate further attempts to solve the Government crisis.

New pressure is mounting for a full scale political inquiry into the murder of former Prime Minister who was kidnapped by Red Brigades terrorists last March. It folows publication in the weekly magazine l'Espresso, of an article detailing alleged statements by an unidentified terrorist claiming to have been involved in the affair.

According to the magazine, the terrorist tried to contact certain Christian Democrats; first to try to save Sig. Moro's life, then in 1978 to arrange a trap to capture Red Brigades leaders, with whose policies he had become disaffected.

His efforts allegedly were channelled through a journalist, Sig. Ernesto Viglione, who has now been arrested for refusing to identify his terrorist contact.

The Government's attitude towards a new investigation will probably be made clear today when Sig. Virgilio Rognoni, the Interior Minister, appears before a special meeting of Parliament's home affairs committee.

Honecker praises his spy corps

BY LESLIE COLITT IN BERLIN

THREE WEEKS after the defection of an East German intelligence officer to West Germany and the subsequent arrest of a dozen suspected East German spies, Herr Erich Honecker, the East German leader (right), has congratulated his Ministry of State Security and its espionage agents.

The praise for what he calls "the fighters on the invisible front" appears on the front page of the Communist Party newspaper, Neues Deutschland, along with another item stating that a number of state security colonels have been promoted to major-general.

West Germany's Interior Ministry said this week that about 4,000 agents from Communist countries were at work in West Germany and that 80 per cent of them were employed by the East German intelligence service. That service, under General Marcus Wolf, is a department of the State Security Ministry.

Most of the alleged agents arrested in West Germany as a result of the defection of Herr Werner Stillen, three weeks ago, are said to have passed confidential industrial and scientific information to East Germany. Herr Gerhart Baum, the West Germany Interior Minister, has now offered exemption from punishment to Eastern spies who surrender. He said their chances of remaining undetected were dwindling.

Herr Honecker, in his morale-boosting message on the 29th anniversary of the State Security Service, addressed himself to the Minister, Gen. Erich Mielke, who is also a member of the Politburo, as well as to the officers and soldiers of the ministry. He remarked that they were preparing for East Germany's 30th anniversary "with new feats."

He added that they must constantly take into account that the German Democratic Republic was on the dividing line between two social systems and between the Warsaw pact alliance and NATO.

Herr Honecker called for an increase in revolutionary alertness. He also urged the strengthening of ties with the employees of the Soviet Union's Committee for State Security and with "the fraternal organs of other socialist countries."

● Werner Hoppe (29), a Baader Meinhof terrorist sentenced to ten years in prison, will shortly be released because of his health, AP reports from Hamburg. A spokesman for his defence lawyers said Herr Hoppe had been in hospital since last autumn, heavily guarded and his condition so bad that he was hardly able to eat.

He was jailed in 1972 after a Hamburg court found him guilty of three cases of attempted manslaughter.

Government rift halts Turkish loan

BY METIN MUNIR IN ANKARA

CONTROVERSY IN TURKEY over the terms of a $125m bank loan agreed last month with a group of international banks by the country's Ministry of Finance has led the Ministry of Commerce to stop the implementation of the agreement. It has been able to do this because the loan foresees $167m of Turkey's stocks of exportable agricultural commodities being pledged as collateral for the loan. These stocks come under the Ministry of Commerce.

This split between two sections of the Government is indicative of the tensions mounting in Turkey as the re-scheduling of its large debt arrears proceeds. The International Monetary Fund, in particular, and the banks in general are demanding that Turkey put its house in order, though even some banks argue that the austerity measures demanded by the IMF are impossibly harsh given the present economic crisis and social tensions in Turkey.

The $125m loan was arranged last month by Wells Fargo as agent for a group of 21 international banks. But as soon as its terms were published excited newspapers used terms such as "loan shark" and "pawnbroker" to describe banks involved. Government officials were accused of being accessories to "robbery" and "fresh capitulations."

To many bankers the criticism reflects the oppositions desire to drive Mr. Ziya Muezzinogh, the Minister of Finance out of office. They hold that the opposition's economic policies while in office were largely responsible for the problems which Turkey faces.

The saga of the loan goes back to the beginning of 1977 when Wells Fargo and the same group of banks arranged a $150m acceptance credit for the import of oil by Petrol Ofisi, the State oil agency. This, coming in the throes of its foreign exchange crisis, fell due in two instalments on January 19 and 26. Turkey asked for an extension of the facility. "We accepted because we understood Turkey's position and wanted to help," says a banker involved in the negotiations.

What the lenders accepted was, however, an entirely different situation. The loan was reduced to $125m. Petrol Ofisi ceased to be the creditor. This role was taken over by Turkey's State-owned Agricultural Bank. It was to be for three years at 1⅜ per cent over LIBOR (London Inter-bank Offered Rate) and to be on a revolving basis with payments, not exceeding $25m, every six months. And as collateral stocks of cotton and hazelnuts would be set aside.

Before the deal had even been signed details were leaked, gross exaggerations made and even allegations of attempts at bribery were printed.

Reacting to this outcry, the Minister of Commerce, Mr. Teoman Kopruler, has stopped the implementation of the agreement and has stated that he would have the matter re-examined. Wells Fargo, which has a representative office in Istanbul, has not been notified of any suspension. Banking sources say that the banks would not agree to the removal of the collateral clause and expect the deal to go ahead, after some modification.

Jobs row restricts French TV

BY ROBERT MAUTHNER IN PARIS

A STRIKE by French television and radio employees following large-scale sackings by the main television production company forced all three television channels and the national radio station to broadcast only skeleton services yesterday.

The unions called the strike after the management of the Société Française de Production, one of the seven state controlled television and broadcasting organisations announced it was cutting more than 550 jobs—about a sixth of its workforce.

The crisis which led to this decision, has been brewing since last autumn, when a parliamentary report revealed that SFP has been making large losses since 1975. Last year it had a deficit of FFr 113m (more than £13m): the shortfall in 1979 is expected to be about FFr 90m, in spite of the recovery plan.

At the root of SFP's troubles lie the grandiose schemes of its former president, M. Jean-Charles Edeline, who not only acquired expensive property with the aim of turning the SFP film studios into a kind of French Hollywood, but grossly over-estimated the world and domestic market for French films, television productions and audio-visual products.

The three French television channels often preferred to employ private companies to make their films because they were cheaper, as well as importing an increasing number of foreign productions.

Under the recovery plan, some measures have already been taken. Thus, two of the channels have undertaken to step up their purchases from the national production company, and building sites earmarked for the construction of new studios have been sold.

In a statement yesterday, however, the management made it clear these steps are insufficient to bring the account back into the black. Given that wage and salary costs represented more than 50 per cent of annual turnover in 1978, it was essential that the workforce be reduced.

Union leaders back steel strike

BY DAVID WHITE IN PARIS

FRANCE'S steel unions and the Government appeared to be digging in yesterday for a long struggle over planned cutbacks in the country's main steel centres.

The Labour Ministry's offer earlier this week of extra measures to cushion the effect of 21,000 redundancies, notably by lowering the age threshold for early retirement, has failed to attract reciprocal concessions from labour. Unions at Longwy, the hub of the steel industry in northern Lorraine, underlined their determination to go ahead with a strike next Friday by attacking Government "intransigence."

M. André Giraud, the Industry Minister, who is to meet union representatives later this month, yesterday insisted that the Government would not go back on its plan.

The labour climate remains marked by lack of unity between the two main union bodies, the Communist-led CGT and the more Socialist-inclined CFDT. The leaders of the two confederations, M. Georges Séguy and M. Edmond Maire, failed at a meeting on Wednesday to move any closer than they did in their last talks before Christmas. The meeting was overshadowed by a public row prompted by an attack by M. Maire, the CFDT leader, on the "xenophobic" attitude of the Communists towards the EEC.

The two leaders did, however, produce a joint statement in support of next week's steel strike. They called for their branches in the steel mills to persevere with their industrial action "to bring about real negotiation." A series of protests in Lorraine continued when 100 workers occupied management offices at Hayange.

The CGT and CFDT staged a regional strike yesterday in the department of Loire-Atlantique, where the principal industry, shipbuilding, also faces cuts.

Minister's bark worse than a bite

By Our Brussels Staff

"DOG BITES MAN" is news after all. For as Belgium lurches unhappily into the ninth week of political stalemate over the shape of its new Government, the saga of a francophone Walloon demonstrator who was bitten by a Flemish policeman's dog has become a rumbling issue inside the old caretaker Government.

The incident that has Walloon and Flemish Ministers in M. Paul Van Den Boeynants's interim Cabinet at each other's throats took place almost a fortnight ago, but its continuing repercussions throw an interesting light on some profoundly banal aspects of Belgium's intractable language war.

Two weeks ago a deliberately provocative march by Flemings through a Walloon enclave of Antwerp produced a counter-demonstration in which a Walloon militant was bitten by a police dog.

The political fun started when M. Rik Boel, a Flemish Socialist who is presently Interior Minister, explained in a television interview that the dog "was acting in legitimate self-defence." M. Boel's own Chef de Cabinet, accompanied by all other francophones in the Minister's private office, promptly resigned in protest.

The episode might easily have ended there, but for an attempt to calm the situation by suggesting that Dutch-speaking M. Boel had expressed himself unfortunately in unfamiliar French on the French-language TV

Output hits record high in Holland

By Charles Batchelor in Amsterdam

DUTCH INDUSTRY has finally shaken off the recession which began after the oil crisis. Production rose to a record level in the last three months of 1978, exceeding the previous high of 1974.

The Central Statistics office's index of industrial production rose to 122 in the final quarter of 1978, from 120 in the third quarter. Total industrial production in the year according to the index equalled the average of 119 in 1974.

The printing, publishing and chemical industries recovered in the final quarter of 1978 to levels prevailing before the sharp decline in 1977. The food industry, helped by a good sugar beet harvest, and parts of the metal industry, including the electrical and base metal sectors, rose to much higher levels. Minerals production, largely natural gas, fell by 10 per cent in 1978, primarily because of smaller gas exports.

Despite this fall, which was mainly due to a lengthening of the period over which gas deliveries are made, the broader index of industrial production, including minerals and gas, also rose in 1978. This index was at 130 in the final quarter, compared with 128 in the third.

Production up in Hungary

By Paul Lendvai in Vienna

HUNGARY HAS reported a 4 per cent increase in its national income last year, thus falling short of its 5 per cent target. The Central Statistical Office also revealed that due to higher than planned investment and an adverse trade balance, the overall economic equilibrium has deteriorated.

Industrial output was up by 5.2 per cent against the planned rate of 5.5 to 6 per cent. But, excluding the food industry, industrial production was up by 6.1 per cent. Above average growth rates were recorded by the chemical industry (up by 10.7 per cent), electrical energy (up by 9.8 per cent) and the engineering sector (up by 6.4 per cent). However, the structure of the output and the quality and range of the products failed to improve as planned.

An important factor in the increase in production was the 5.3 per cent higher labour productivity which clearly pleased the Budapest planners. Farm output, however, was up by only 2 per cent though the cereal harvest was up by 9 per cent to 13.3m tons.

A minefield of complications in the BP-Veba energy deal

By ADRIAN DICKS in BONN

FOR DEUTSCHE BP, the West German subsidiary of British Petroleum, and the West German Government - controlled Veba energy group, February was to have been a honeymoon month. Count Otto Lambsdorff, the Bonn Economics Minister, had been expected to announce his decision on whether to let the two companies go ahead with the DM 800m (£2.15m) exchange of interests they announced last summer.

Despite the objections of the federal Cartel Office and the Monopolies Commission, the two companies themselves and most independent observers had assumed the Minister would give them the green light.

That judgment might still prove correct. Yet far from celebrating completion of the deal, the two companies, and the Minister himself, are trying to pick their way through a legal, political and diplomatic minefield of far greater complexity than had been apparent even three weeks ago, when BP and Veba made their formal case at an Economics Ministry hearing.

Not only has the Cartel Office re-entered the fray, but the competition department of the European Commission in Brussels has also intervened, and is holding a series of hearings of its own.

Count Lambsdorff, perhaps not entirely unwillingly, is waiting until these two new inquiries have run their course before he makes up his mind.

What is apparent already, however, is that a god deal less than the full details about the deal came out. Even at the January 19 hearing in Bonn. The fundamental question up to that point had seemed difficult enough—whether the secure 3m tonnes a year of crude promised by BP to Veba was a sufficient gain for the public interest to offset the possible risks to competition of BP's acquiring from Veba a 25 per cent share in Ruhrgas, the principal gas importer and distributor.

The Cartel Office and Monopolies Commission had expressed doubts about this aspect of the deal. In theory, it might have opened the door to a collective majority in Ruhrgas for the international oil industry, leading to the situation where oil interests would effectively control the main importer and distributor of natural gas.

The Cartel Office, notably, had recommended that Deutsche BP, rather than buy into Ruhrgas, ought to build up its own gas business from scratch.

The point had appeared slightly hypothetical when the Cartel Office issued its objection last October. Yet Deutsche BP subsequently negotiated a 20-year contract to buy some 4.5bn cu. metres a year of gas from Algeria.

The gas is reported to be committed in advance to customers in West Germany. Deutsche BP is not saying who these are, but under the terms of the so-called "blue zone" reserved exclusively to Ruhrgas until 1989, it is safe to assume that they are either in the sparsely populated far north of the country or in the rapidly growing industrial cities of Bavaria or Baden-Wuerttemberg.

Thus Deutsche BP after all will become a force in the West German gas market, albeit not in direct competition with Ruhrgas. Should the "new entrant," as the Cartel Office appears to think, be obliged to build up its own liquefied natural gas (LNG) import facility and its own pipeline network? Or could some way be found under the extensive regulatory powers the Government already has to arrange swaps of gas with Ruhrgas or other producers?

A still more difficult problem, and the immediate reason for the Cartel Office's fresh round of investigations, has arisen from the prospective relations between Deutsche BP and Ruhrkohle, the large group that produces most of West Germany's hard coal.

It became known publicly for the first time last weekend that, with the encouragement of the Economics Ministry and the cartel authorities, Ruhrkohle and Deutsche BP had been negotiating for several months. A letter of intent protecting Ruhrkohle from several potential dangers inherent in the Veba-BP deal.

Ruhrkohle, in which Veba itself is a shareholder, has a 27.7 per cent stake in the so-called Bergemann pool, a voting mechanism which owns 56 per cent of Ruhrgas. Up to now, a balance has existed within the pool between oil interests, represented by Texaco (6.24 per cent) and Gelsenberg (44.65 per cent), the Veba subsidiary BP wants to buy, and, on the other hand, the "old shareholders," including Ruhrkohle and other former coal interests.

Although Texaco and Gelsenberg between them had a narrow majority, Gelsenberg's own history as a former coal-mining group has placed certain restrictions on its voting rights.

Deutsche BP is willing to taken on the same limitations, provided it still has the same weight, through the Bergemann pool, in Ruhrgas—25 per cent.

In addition, the letter of intent with Ruhrkohle guarantees an equal voice to the non-oil shareholders in Bergemann. It also offers Ruhrkohle assurances that the Ruhrgas management will remain free to decide between natural gas from different sources and the synthetic natural gas which Ruhrkohle hopes one day to produce in quantity from coal.

For good measure, Deutsche BP and Ruhrkohle also propose to share their research and development work on coal gasification. In view of Deutsche BP's proposed acquisition from Veba of important coal distribution interests, and of the BP group's world-wide coal interests, this point is of potentially great importance.

The undertakings expressed in the letter and by both Deutsche BP and Veba would appear to safeguard the future chances of coal-derived synthetic natural gas on the gas market. The Monopolies Commission argued, in essence, that no amount of such undertakings could stand up to naked corporate self-interest—yet oilmen point out that these would be legally binding and enforceable in court.

The Cartel Office, however, appears to like the idea of a delineation of interests between Deutsche BP and Ruhrkohle no more than it likes the originally published terms on which BP would enter Ruhrgas.

It seems to fear that an immensely complex and fundamentally unholy alliance would evolve, linking financially some of the most powerful interests in coal, oil and natural gas. This represents a potential energy cartel capable of fixing prices of West Germany's three principal fuels at will.

Deutsche BP and Veba executives, pained by such notions, seem willing to provide guarantees to exclude any of the specific threats which the cartel authorities in West Berlin or Brussels may raise. These include the wish of Veba to shed unwanted refinery capacity and of Deutsche BP to break out of its present no-win situation in the oil market and into the promising gas business.

But Count Lambsdorff's decision will depend not only on how he evaluates the trustworthiness of the two companies (disregarding the fact that the federal Government itself owns 43 per cent of Veba, as the Monopolies Commission tartly reminded it).

The Minister is involved, too, in steering through the Bundestage the fourth revision of the Cartel Act, and cannot risk being accused of letting the most controversial merger of recent years slip under the net.

BP and Veba appear to have based their calculations heavily on Count Lambsdorff's acceptance of the proposed 3m tonnes a year crude guarantee as a major gain for the security of West Germany's energy supplies that would outweigh any potential threat to competition.

In this respect, events in Iran have hardly smiled on the merger plan. After BP's warning last week to its customers, many people in Germany are now wondering what such guarantees are now worth.

Lambsdorff leaps to Haferkamp's defence

BY JONATHAN CARR IN BONN

THE West German Economics Minister, Count Otto Lambsdorff (right), yesterday threw his support behind Herr Wilhelm Haferkamp, a German member of the European Commission criticised by the British magazine, The Economist, for alleged extravagance and incompetence.

In a Bundestag economics debate, Count Lambsdorff said it was not up to the Bonn Government to comment on the detailed points made against Herr Haferkamp, who is responsible for the Community's foreign relations.

He wished, however, to acknowledge Herr Haferkamp's vigorous efforts on behalf of Europe and free world trade—not least in the GATT negotiations. Could it be, Count Lambsdorff asked, that the arrows shot at Herr Haferkamp came from the arsenal of Europe's unconvinceable protectionists and interventionists?

The Minister's support was widely felt to carry particular weight, coming as it did from one who is not a party colleague of Herr Haferkamp but who has worked well with him on Community business. Count Lambsdorff is a member of the liberal Free Democrat Party while Herr Haferkamp belongs to the Social Democrats.

In raising the question of protectionism, Count Lambsdorff is making a point widely mooted in the West German Press—that the criticism of Herr Haferkamp might be part of an effort not only to undermine the position of the Commissioner but also to undercut the free trade policies he supports.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rate $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing centres.

Rand revalued despite downward market pressure

BY QUENTIN PEEL IN CAPE TOWN

THE SOUTH African Reserve Bank yesterday slightly revalued the rand by two points against the U.S. dollar as its first step since the announcement of plans eventually to introduce a managed float.

The revaluation, a response to the continued decline of the dollar and steep rise in the gold price, raised the value of the rand from $1.15 to $1.17. It came in spite of the downward pressure on the rand in the South African market caused by a shortage of foreign currency, and suggests that the Reserve Bank is determined to wrong-foot general speculation.

Market sources here see the move as at least partly political, given the prevailing view that a floating rand would drift downwards. It will penalise the majority of exporters who have failed to take out forward cover in the expectation of a devaluation. Under the new system of forward cover introduced as the first step towards a managed float of the rand, importers had eagerly taken up the offer of forward cover against dollars at a discount of 2 per cent, but exporters had ignored the need for such insurance, having to pay a premium of the same amount. They are thought less likely in future to be so sure of themselves.

The Reserve Bank, although it is still fixing its own daily buying and selling rates for the rand, has said that it will make more frequent adjustments in the rate, of which yesterday's was the first.

However, the commercial banks maintain that downward pressure will persist as long as the Reserve Bank refuses to channel more sources of foreign exchange—such as the proceeds of diamond and krugerrand sales—through the authorised dealers, thereby creating an inherent foreign exchange shortage in the market. The present system has drastically squeezed the spread offered by the banks between buying and selling rates, while not expanding the market at all, and the commercial banks are upset at the resultant loss of profits.

Yesterday's move followed the publication of the Reserve Bank's gold and foreign exchange holdings on Wednesday, which showed a rise of R45m in the foreign exchange component in January, compared to the drop of R210m in December. The turnround is expected to continue, with the new forward cover discount encouraging importers to borrow overseas, not on the domestic market.

In the meantime, the commercial banks have also dropped their prime overdraft rates from 11.5 to 11 per cent, in the wake of the bank rate reduction announced on Monday.

Col. Chadli takes over

By Susan Morgan in Algiers

COLONEL CHADLI BENJEDID will be sworn in today as Algeria's new President, replacing Colonel Houari Boumedienne, Head of State for 13 out of 17 years of independence, who died of a blood ailment at the end of December.

The former military commander of Oran is virtually unknown to the Algerian public—one reason why the hastily mounted election campaign explained "voting for Chadli means voting for the continuation of Boumedienne's Socialist and revolutionary policies." Continuity with Colonel Boumedienne's policies is stressed in all official statements and nobody here expects any significant deviation from the "Socialist option"

Col. Chadli was selected as Presidential candidate by the National Liberation Front after four and a half days of intense and secret debate only last Wednesday, giving little time to launch a fully-fledged election campaign. In any case, as the sole official candidate, voting earlier this week by some 8m Algerians was a mere formality serving to ratify the party's nominee.

The election of Algeria's new Head of State marks the first stage of a remarkably smooth transfer of power in a difficult succession crisis.

Bid to stem protectionism

BY BRIJ KHINDARIA IN GENEVA

A CONCERTED EFFORT to stem the rising tide of protectionism among Western nations is holding the centre of the stage at a 10-day Ministerial conference of developing and non-aligned countries now underway in Arusha, Tanzania.

The conference, billed by officials here as the most important negotiation since 1976, is designed to prepare developing country positions for the United Nations Conference on Trade and Development (UNCTAD) due in Manila next May.

The talks opened on Tuesday in an atmosphere of disappointment at the way the North-South dialogue has developed since the previous UNCTAD in Nairobi three years ago.

The promises made by industrialised nations at Nairobi have not been fulfilled and a new scurge has arisen in the form of unilaterally imposed trade barriers which are biting into developing nation export earnings.

Third World countries fear that the Tokyo round of trade negotiations underway in Geneva will legitimise import curbs planned by important trading groups such as the European Community, forcing weaker nations to restrict exports and face a weakening of their industrial export activity.

The accent at Arusha will be on developing a package of measures under the heading of "structural adjustment." This concept implies that industrialised nations should allow a running down of domestic industries facing effective competition in home and third markets from developing country products.

It also implies that the industrialised nations would absorb any resulting unemployment in other industries and allow easy access to their markets for developing country exports.

But attempts to translate the concept into practical action raises major problems. These include fixing which industries should be run down and which developing countries would benefit from the transfer of production facilities; defining the criteria for judging difficulties experienced by Western producers are caused by structural problems; and deciding the extent to which Western producers should be protected against products made by workers in countries with low wages and low living standards.

Structural adjustment also raises profound questions concerning interference with world trade flows and about the extent to which developed nations can be asked to transfer resources without reciprocity from the developing countries.

Big changes expected at Chinese Congress

By Colina MacDougall

THE NATIONAL People's Congress, China's Parliament, is to meet shortly to deliberate a new penal code, the New China News Agency has announced. The agency implied the Congress would also approve a series of major political and economic measures.

This will be the first time since the 1950s that the Congress, which last assembled in February 1978, will have met in successive years, as it is constitutionally recommended to do. It thus marks an important return to the orderly practices of those years.

The announced programme for the Congress is the discussion of a draft penal code and an additional draft of trade union law, marriage law, land requisition law, forestry law and arrest and detention regulations are being prepared.

This new legislation should help to implement the policies expressed by Chinese leaders, particularly Deng Xiaoping (Deng Hsiao-Ping), that the people should have more democratic rights. Since the cultural revolution the legal system has scarcely operated, and as a result arbitrary victimisation and arrest have operated

The Congress is also likely to debate major measures already discussed at last December's party central committee meeting. One vital change outlined in last Tuesday's People's Daily is that China has abandoned the policy of all round agricultural mechanisation, originally promoted in 1975 by Chairman Hua Guofeng (Hua Kuo-Feng), a plan to create modern mechanised production bases. These will function in the crop farming, animal husbandry, forestry and fisheries sectors.

The new scheme proposes the establishment of key areas based on state farms or groups of communes which will be modernised to a high standard to provide food for the cities, thus reducing the burden on the peasants at large.

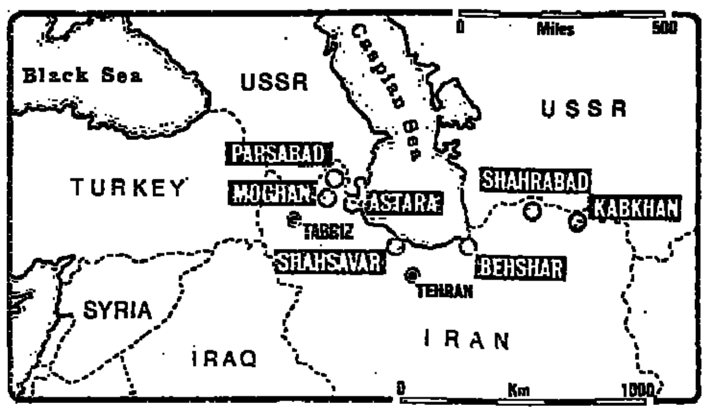
As the Congress is the authority empowered to choose the premier there is some speculation that this meeting might approve the appointment of a replacement for Chairman Hua who currently holds both that post and that of Communist Party leader.

Chairman Hua succeeded to the premiership when vice premier Deng Xiaoping was dismissed in April 1976.

U.S. MILITARY SURVEILLANCE OF THE SOVIET UNION

Monitoring bases in Iran at risk

BY ROGER BOYES IN LONDON AND SIMON HENDERSON IN TEHRAN



HUGE DEMONSTRATIONS by supporters of Ayatollah Khomeini in Tehran and other cities yesterday further isolated the government of Dr. Shahpour Bakhtiar. Andrew Whitley and Simon Henderson write from Tehran.

With the Prime Minister virtually at the end of the rope he has been given by the military, Iran's fate lies more than ever in the hands of Dr. Mehdi Bazargan, Premier-designate in the Ayatollah's "provisional government."

For the first time military personnel in uniform were among those shouting slogans supporting the establishment of an Islamic republic and recognising the authority of Dr. Bazargan.

Several hundred air force technicians took part in the Tehran march of more than 1m people. They were photographed from army helicopters flying overhead, but no other action was taken against them. In another incident an army sergeant in uniform holding a picture of Khomeini led a procession past a heavily-guarded military building.

Dr. Bakhtiar recognised the further erosion of his position at a morning news conference when he said he would be prepared to work with Dr. Bazargan in a coalition government as one of many possible solutions he was ready to consider. But he persisted in his belief that a change of regime should only be by constitutional means, the device by which the Shah went into exile three weeks ago.

Democratic sources said yesterday that a national referendum organised by the clergy on the future of the monarchy in Iran might be more than the military could stand. Some generals were said to be reluctant to go along with Dr. Bakhtiar's present policy of accepting the popular verdict once calm democratic conditions were restored.

THE IRANIAN crisis is posing a serious dilemma for U.S. defence planners who are concerned at the threat to strategic monitoring installations near the northern border with the Soviet Union.

Certainly the future of the Iranian network of listening posts and radar stations is looking increasingly bleak. One of the two major listening posts is already being dismantled and technical experts make clear that the closing of further installations will be a real blow to the West which would not be adequately compensated for by satellite reconnaissance or the use of other posts in neighbouring countries.

The installations, known as the IBEX system, are strung along the 2,000 km border with the USSR which loops around the Caspian Sea. Similar bases are sited in Canada, Alaska, Japan, Thailand, Turkey and Greenland but the posts in Iran are understood to be the most effective.

There are two main types of base in Iran: radar stations to act as an early warning system in the event of a nuclear or conventional attack from the Soviet Union and listening posts which monitor the development and testing of space exploration vehicles and nuclear weapons. This latter function is crucial to the successful verification of strategic arms limitations agreements between the U.S. and the Soviet Union.

President Carter's administration, publicly at least, has denied that the Iranian crisis is having any major effect on U.S. monitoring activities. "Events thus far have had no impact on our ability to monitor either SALT I or SALT II," said Mr. David Aaron, the President's deputy National Security Adviser.

Mr. Aaron was referring to the possibility of satellite photography taking over the role of the listening posts. But western experts in London are certain that Mr. Aaron was understating the importance of on-the-ground monitoring in Iran. Indeed it is understood that the U.S. has been exploring the possibility of moving its electronic equipment elsewhere to compensate in some way for the loss of Iran.

Turkey could, under certain circumstances, take over some of Iran's listening post functions. It already has several electronic intelligence gathering bases: the two main ones being at Sinop, on the Black Sea coast and at Diyarbakir, near Pirincilik air base in south east Turkey. Sinop, a radar monitoring and communications facility run by the U.S. Army Security Agency (ASA), a section of the National Security Agency, gathers both data on the Soviet Union's activities in the Black Sea area and on Soviet missile testing. The Diyarbakir station, a long range radar and communications complex monitors Soviet missile launches. The Diyarbakir base houses a Defence Satellite Communications System earth terminal which connects the installation with Lakehurst Naval Station in New Jersey.

The Turkish system is believed to be more sophisticated than the IBEX network but there are serious doubts that the Turkish bases could effectively take over the capacity of the Iranian posts. The concentration of so much electronic material in one place would create formidable technical problems and reduce the reception of Soviet signals. In addition, they would be strategically vulnerable and Ankara could impose unacceptable political restrains on the U.S. in return for stepped up monitoring activity.

The Soviet Union certainly seems convinced that the U.S. is on the brink of clinching a deal with Turkey on the bases. A recent commentary carried by Pravda, the Soviet Communist Party daily, said that Turkish denials were somewhat open-ended.

But Iran's attractions as a listening post for the U.S. include Tehran's flexibility about manning. Ankara insisted when the U.S. bases were recently re-opened on Turkish soil that half of the personnel should be Turkish. This was clearly unpopular with the U.S. and Iran's willingness to allow mainly U.S. staff to man the bases is a strong argument for keeping the bases in Iran.

The few Iranians reported to be involved with IBEX hold minor positions in the radar stations. The listening posts are believed to be operated exclusively by U.S. ASA personnel while the radar posts are thought to be under the control of the Central Intelligence Agency.

Iran's principal advantage over Turkey is geography. Iran is much closer to the centre of the Soviet Union than any other country associated with the western alliance and the listening posts can penetrate deep into the heartland of Soviet central Asia. This region includes the Baikonur cosmodrome space research centre and the main Soviet missile testing ranges.

The proximity to the Soviet Union also means that even relatively primitive electronic surveillance equipment can pick up important signals communications between tank and artillery units on the Soviet side of the border. The intercepted messages are then decoded by U.S. cryptographers in Iran who pass on the results to the CIA and the NSA headquarters in the U.S.

The information is generally pooled between the two agencies and, according to western experts, some of it is fed to the Iran Government as an important component of its early warning system. Heavy signals traffic between military units behind the Soviet border can point to a build-up of forces and, in the U.S. view, it is clearly vital that Iran receives such information quickly.

This kind of electronic sensitivity is not attainable in countries south of Iran such as Oman. Iran is evidently in a better strategic position than other states in the U.S. world-wide monitoring network, like Greece and Cyprus.

Western experts expect the U.S. to increase satellite reconnaissance over the Iranian-Soviet border but this will be both expensive and technically difficult. In addition, reconnaissance satellites can often only take relevant pictures when they are over the correct stretch of territory which means that the border is "blind" for much of the time.

The U.S. has not revealed the location of the listening post that is being dismantled but it is believed to be the one at Kabkhan near Darrehgaz in the north-east of Iran.

AMERICAN NEWS

U.S. OIL SUPPLIES

Schlesinger sees critical shortage

BY DAVID LASCELLES IN NEW YORK

WHEN Dr. James Schlesinger, the Energy Secretary, said earlier this week that the Iranian crisis was "prospectively more serious" than the 1973 Arab oil embargo—the dollar and the Dow Jones index predictably plunged through the floor. This alarmist talk was uncharacteristic of Dr. Schlesinger, who has striven to impress upon the country the potential seriousness of the Iranian crisis without spreading panic. But his message is basically correct.

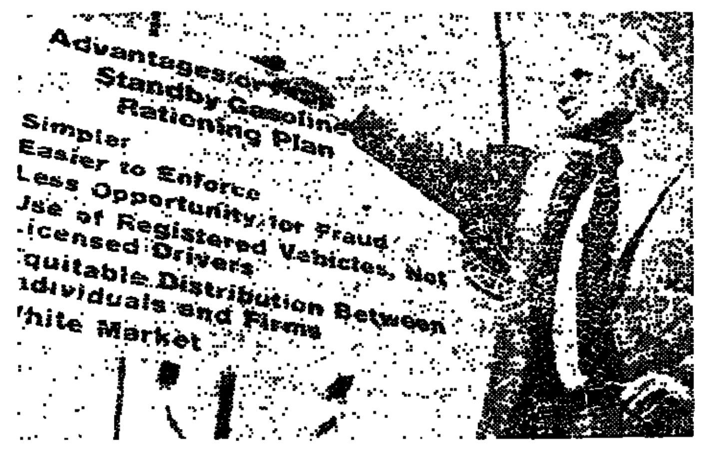
Whereas the embargo cut the U.S. (and the Netherlands) off from Arab oil supplies, it did not greatly reduce the amount of oil on world markets. The U.S. was able to make up the shortfall by buying from other suppliers, like Venezuela, who did not share the Arabs' political goals.

But this time round, the world market has lost a source of supply which can only be partially made up from production elsewhere. For the U.S.—the world's largest importer and consumer of oil—this means shortages, possibly on a scale it has never experienced before.

Whether the situation gets so bad that it starts interfering with everyday life depends entirely on what happens in Iran. No one here is prepared to make any predictions, least of all Dr. Schlesinger. However, if present trends continue, it takes no more than a pocket calculator to conclude that by mid-year the situation could become very serious.

In his statement, Dr. Schlesinger said that the U.S. had a 70-day supply of oil in stock. However, last year Iran supplied the U.S. with 10.6 per cent of its total oil imports (until the supply stopped), or just under 5 per cent of the country's consumption. This shortfall will soon begin to bite.

At the moment though, all talk of crisis sounds unreal. No garages have put up "sold out" signs, there are no queues for petrol, and heating oil is delivered in its normal quantities and on schedule. There is not even talk of shortages. As one oil executive said "trying to get people to consume less energy right now is like trying to fight a phoney war."



Dr. James Schlesinger illustrates a standby petrol rationing plan.

The main reason for this is that Iranian oil is still arriving in the U.S. due to the long delivery times. In fact, the latest U.S. oil import figures for the week ending February 2 put them at an average 9.1m barrels a day, one of the highest levels for many months.

Some smaller refiners have had to curtail output because of supply shortages. Major refiners have also reined back output slightly, but the measures were either precautionary or for technical reasons, like breakdowns or lack of appropriate crude grades.

However, the oil industry believes that the problems will begin in two or three weeks as the last Iranian oil arrives at U.S. ports. After that, the U.S. will have to start digging into its stocks, and hunting for extra quantities at home and abroad.

Mr. Schlesinger's Department of Energy, meanwhile, is going about the delicate task of trying to educate the American public to the problem without provoking scrambles for supplies or hoarding.

Mr. Schlesinger's concern is that an acute shortage of oil this spring could prevent refiners from turning out next winter's stock of heating oil.

● Reuter adds from Washington: Mr. Michael Blumenthal, the Treasury Secretary, said yesterday that the U.S. was ready to intervene to prevent disorderly conditions in international currency markets. One of the principal reasons for uncertainty was the impact of political developments on oil supplies, he said.

William Buckley pays out $1.4m after SEC charge

BY JOHN WYLES IN NEW YORK

MR. WILLIAM F. Buckley Jr., author, commentator and high priest of American Conservatism, is to hand over $1.4m in cash and stock as part of a settlement of Securities and Exchange Commission (SEC) charges of violating federal securities laws.

The money and shares will be paid to stockholders of the Starr Broadcasting Group, of which Mr. Buckley was chairman until last August. The individual penalty, on the customary basis of no admission or denial of guilt, is large by SEC standards, and follows a lengthy investigation into a transaction which the SEC alleges damaged Starr Broadcasting but which saved Mr. Buckley and some colleagues from personal bankruptcy.

In addition to Mr. Buckley, the SEC complaint named eight former officers and directors of Starr Broadcasting and the Columbia Union National Bank and Trust Company of Washington. Payments by other defendants will bring the total cost of the settlement to $1.8m.

Mr. Buckley has published a letter written to Mr. Stanley Sporkin, the SEC's director of enforcement, conceding that, as a director, he is technically responsible for transgressions at Starr Broadcasting but asserting: "I am not the guy who committed the fraud."

Claiming that he had never heard of a 10K (detailed financial and operating information which public companies submit annually to the SEC) before September 1974, Mr. Buckley declares: "I have no intention, given what I now know about the technical responsibilities of a director, of ever again serving as a director of a public company."

Part of the settlement bars Mr. Buckley for five years from being an officer of a public company.

The substance of the SEC complaint deals with the relationship between Starr and a company called Sitco, a private investment partnership set up by Mr. Buckley and three Starr executives in 1971. Sitco bought an office building in Coral Gables, Florida, and 16 drive-in cinemas, but the business ran into such severe trouble that Mr. Buckley and his three partners faced personal bankruptcy by 1974.

According to the SEC suit, Mr. Buckley suggested that Starr buy out Sitco, a proposal accepted by the other members of the Starr Board. One Board member, Mr. Glen Burrus, was also an executive of Columbia Union, which had lent Sitco $850,000.

Sitco became a wholly-owned subsidiary of Starr, but its problems remained so severe that the subsidiary filed for voluntary bankruptcy reorganisation in 1976. Starr has claimed that it lost more than $10m on the Sitco deal.

Mr. William Buckley: $1.4m settlement with the SEC.

Starr Broadcasting, whose interests include television and radio stations, has agreed on a merger with Shamrock Broadcasting Company. Mr. Buckley's total equity stake in Starr is about 20 per cent.

Israelis 'mistreated' Palestinian prisoners

By David Buchan in Washington

THE STATE Department has partially confirmed press reports that Israel has mistreated Palestinians detained in the occupied Arab territories, but did not agree with a Washington Post report this week that this amounts to systematic torture.

A State Department report to Congress at the end of last month on human rights in Israel said: "The accumulation of reports, some from credible sources, makes it appear that instances of mistreatment have occurred." The department said on Wednesday that the Israeli authorities had repeatedly assured it that such practices as brutal interrogation of Arab political prisoners were forbidden, and violators were punished.

These allegations, denied by Israel, have been made before, and State Department officials said yesterday that their partial confirmation was unlikely to lead Mr. Menahem Begin's Government to turn down President Carter's invitation for resumed peace talks with Egypt in Washington later this month. Egypt has already accepted the invitation.

The Washington Post on Wednesday published excerpts of cables to Washington from an employee at the U.S. Consulate-General in Jerusalem, alleging that Israel systematically tortured its Arab prisoners or detainees. The employee, Miss Alexandra Johnson, is reported to have first offered her cables to the now-closed London Sunday Times, which passed them on to the Post. U.S. officials discounted much of Miss Johnson's report, on the grounds that she had been closely identified with the Palestinian cause, had once been engaged to a Palestinian, and had now in any case left the U.S. foreign service.

Cuba-Soviet trade

Cuba's trade with the Soviet Union exceeded 4bn Roubles (£3.05bn), in 1978, a record and 16 per cent higher than the value of trade in 1977, according to TASS, the Soviet news agency, David Satter writes from Moscow.

China Embassy claim

The U.S. believes Taiwan's former Embassy in Washington belongs to the Peking Government according to Mr. Warren Christopher, Deputy Secretary of State, Reuter reports from Washington.

Peru strike threat

Peruvian miners said yesterday they would start an indefinite strike on February 26 unless President Franciso Morales Bermudez agrees to examine their grievances. Copper production at the giant U.S.-owned Cuajone mine in southern Peru has already been paralysed by a stoppage by 150 workers, Reuter reports from Lima.

Aircraft for NATO to cost more

By Our Washington Correspondent

NATO countries will have to pay more for the 18 airborne warning and control system AWACS radar aircraft they agreed to buy last December. The increase arises from Iran's cancellation of its order for seven aircraft, Mr. Harold Brown, the U.S. Defence Secretary, has told Congress.

The decision to buy the 18 early-warning aircraft was reached after prolonged haggling by NATO countries on sharing the cost. Eventually the U.S. and West Germany agred to pay almost two-thirds of the $1.8bn total and smaller countries the rest. Britain, which decided to make its contribution in the form of 11 Nimrod aircraft, is not involved.

Mr. Brown told Congress that he did not know what the new cost would be, but he was sure that the price of the 18 NATO aircraft would rise as well as that of the 34 which the U.S. Air Force is buying. The Iranian cancellation shortens the production line at Boeing, thereby increasing overheads and unit costs.

Defence Department officials said yesterday that it was not clear whether the U.S. would have to shoulder the extra cost alone or with its partner countries in NATO. Any move to reopen the cost-sharing argument may well cause anger in Europe.

Quebec borrowing fears

BY OUR OTTAWA CORRESPONDENT

THE CANADIAN Government issued a report yesterday implying that an independent Quebec would have great difficulty trying to borrow funds abroad. And Mr. Marc Lalonde the Justice Minister has said the impact of separation on Quebec's credit worthiness would be traumatic.

"Its impact would be massive and negative. The only unknown is just how difficult things would become," he said.

However, the Government report compiled by Mr. Douglas Fullerton, a former financial adviser to Quebec Liberal Governments, contains no statistical evidence to prove that an independent Quebec would experience problems borrowing abroad.

Mr. Fullerton said Quebec currently faces no problems borrowing because international financiers do not envisage Quebec separating. They feel confident, he said, that the federal government would help the province should it encounter difficulties repaying loans.

The latest report is part of a series issued by Ottawa entitled "Understanding Canada." Each is designed to show that Quebec's separation would be economically damaging

The war of figures between Ottawa and Quebec has evoked counter-reports from the Parti Quebecois government showing that Quebec Province is losing by remaining in confederation.

U.S. banks 'pressing for freer access to Canada'

BY VICTOR MACKIE IN OTTAWA

MEMBERS OF the Canadian Commons Finance Committee claim U.S. banks are putting pressure on American authorities to persuade the Canadian Government to allow greater freedom for U.S. banks in Canada. Mr. Robert Kaplan, the committee chairman, has given members of the Finance Committee copies of a letter received from Mrs. Muriel Siebert, the Superintendent of Banks for the State of New York.

The letter says that Canadian banks have more freedom to operate in New York State than U.S. banks would have in Canada under a proposed new Bank Act and asks for changes in the Bill.

The revised Bank Act would allow foreign banks to operate in Canada for the first time under a Federal charter, a move the Government says will increase competition.

Mrs. Siebert said in the letter, which was also sent to Senator Salter Hayden, chairman of the U.S. Senate Banking Committee, that: "Canadian banks have benefited from New York's relatively open approach to competition."

Mr. Kaplan said the letter was "a discreet reminder that our Canadian banks are hostages in the U.S. to our treatment of American banks here."

Although foreign banks cannot call themselves banks or open branches in Canada under the current Bank Act, in fact they have been operating in the country for many years under provincial charters as financial corporations.

The Finance Department said about 35 foreign banks operate in Canada and have assets of close to C$5bn. By contrast, domestic banks have assets in Canada of more than C$100bn.

Close to a dozen foreign banks have appeared before the Finance Committee to oppose the restrictions on foreign banks, including the San Francisco-based Bank of America and Citicorp of New York.

WORLD TRADE NEWS

UK oil sales to W. Germany up 51%

BY GUY HAWTIN IN FRANKFURT

EXPORTS OF British North Sea oil to West Germany continued to expand rapidly last year. Indeed oil and agricultural products are spearheading the growth of the UK's exports to the federal republic.

Figures produced by the West German Federal Statistical Office show that during the first 11 months of 1978 total British exports to the Federal Republic rose by 16.2 per cent. They went up from DM 9.44bn in the comparable period of 1977 to DM 10.96bn ($5.92bn).

North Sea oil sales to the Federal Republic went up by 51.5 per cent in value in the first 11 months of last year from DM 781.6m in the comparable period of 1977 to DM1.18bn ($639.4m). At the same time Britain's share of the Federal Republic's oil imports rose from 3.6 per cent to 5.3 per cent.

However, when crude petroleum figures are excluded, growth amounted to only 13 per cent—with shipments up from DM 8.65bn to DM 4.8bn. Sales of food and agricultural products and industrial raw materials have risen at a far steeper rate than wholly manufactured goods which during the period under review went up 14.2 per cent from DM 6.36bn to DM 7.26bn.

While Britain's share of the West German imports market for wholly manufactured goods increased from 5.7 per cent to 6 per cent, the figures give no grounds for complacency. West German exports to the UK have been growing at a faster rate and the trade surplus in West Germany's favour has risen further.

North Sea oil sales are expected to show a further rise this year, although the rate of growth is difficult to determine. It depends in part on whether Deutsche BP, British Petroleum West German subsidiary, and Veba, the giant German energy concern, will be allowed to go ahead with their DM 800m ($432m) deal.

The Federal Cartel Office has objected to part of the deal, but it seems increasingly likely that the Federal Economics Minister, Count Otto Lambsdorff will over-rule its decision on the grounds of national interest.

A further factor in the equation is the shutdown of production in Iran and the effect this will have on West German demand for North Sea oil to replace the lost shipments of Iranian crude. It remains to be seen whether the Germans will further increase their imports of U.K. oil and whether the British, in view of their other commitments, have the ability to supply them with additional quantities.

On the agricultural side, there was a steep rate of growth in exports of UK dairy products to West Germany. British milk and food and agricultural products showed an overall increase of 56.2 per cent during the first 11 months of 1978, while Britain's share of the German imports market in this sector rose from the 1977 figure of 1.4 per cent to 2.2 per cent.

The really startling expansion, came in butter sales, which until this year were so small they were just lumped under the dairy products umbrella. Butter sales during the 11 months rose 1,074 per cent from DM 654,000 to DM 7.7m. At the same time, Britain's share of the West German butter market went up from 1977's insignificant 0.4 per cent to just under 3 per cent.

Deficit on Dutch trade narrows

BY CHARLES BATCHELOR IN AMSTERDAM

BRITISH exports to Holland rose only slightly in 1978 but the UK still managed to reduce the deficit on Anglo-Dutch trade by nearly £100m.

UK exports rose by 5.4 per cent to £2.26bn while Dutch exports were only one per cent higher at £2.52bn. The UK deficit narrowed to £268.6m from £353m in 1977, according to Department of Trade figures.

"We are not all that happy with our small percentage increase, which in real terms may not be an increase at all," said Mr. Peter Davies, Commercial Counsellor at the British Embassy in The Hague."

The small increase in British exports follows an "extra ordinary" rise of 40 per cent the year before. After becoming Britain's third largest export market Holland probably fell back to fourth, and possibly fifth position last year.

The increase in UK exports occurred solely in the second half of 1978. Exports by value were no higher half way through the year than in the first half of 1977.

A slow down in the rate of increase was apparent from the second half of 1977. Britain probably took 7 per cent of the contracting Dutch import market in 1978 compared with 5.9 per cent in 1977.

Britain continued to run a sizeable deficit in the food and live animals sector bu nevertheless managed a 45 per cent increase in exports to £188.3m, while Dutch exports fell 7 per cent to £473.5m. UK exports of mineral fuels fell 8 per cent to £305.9m.

"We are not sure why this is at a time of increasing North Sea oil production but it may reflect the way the oil companies do their housekeping," Mr. Davies said.

£271m gas pipe order awarded by Soviets

By David Satter in Moscow

MANNESMANN - HANDEL and Thyssen Stahlunion of West Germany have received an order worth an estimated DM 1bn (£271m) from the Promsyrioimport Soviet foreign trade organisation for the delivery of 700,000 tonnes of large-diameter pipe.

This is the sixth large Soviet pipe order for Mannesmann in recent years. It falls within the framework of a long-term agreement according to which pipe deliveries are to be repaid with shipments of Soviet natural gas.

The deliveries of the pipe, which is to be used in the Soviet gas pipeline system to transport gas at extremely low temperatures, will be financed through an export credit to Mannesmann provided by a consortium of West German banks headed by Commerzbank, Dresdner Bank, Westdeutsche Landesbank and Deutsche Bank.

Mannesmann will be paid for the pipe deliveries by the RWE and Veba West German power companies, which are to receive the shipments of Soviet natural gas.

The deliveries on this latest pipe order are to continue throughout the whole of 1979.

Japan offers mix of dollar-yen loans to China for plant deals

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

A CHINESE banking delegation, headed by the chief of the Bank of China's international division is expected to arrive in Tokyo on February 22 for a three-week stay during which an attempt will be made to agree on a formula for the financing of Japanese plant exports to China.

The financing of Japanese exports on a deferred payment basis has turned out to be difficult to arrange because of China's insistence that credit should be made available in the form of dollar-denominated credits at low interest rates.

Japan has offered moderately priced yen loans (to be extended by the Export Import Bank of Japan) or dollar financing funded from the Euromarkets at a margin over the London Interbank offer rate (Libor).

What is now to be offered to the Chinese is a combination of the two plus a third element—an arrangement whereby Japanese plant exporters will "absorb" a 2 per cent interest rate differential on the cost of deferred payment credits extended to the People's Republic.

The Japanese plan in simple terms calls for the Export Import Banks to make yen loans to plant exporters corresponding to 50 per cent of the value of orders obtained from China with the other 50 per cent being financed by commercial banks in commercially funded dollar loans.

The consolidated iterest rate on such credits is expected to be in the region of 9 per cent to 9.5 per cent, or two per cent above the minimum level set by the OECD "gentleman's agreement" for interest rates on deferred payment credits extended by advanced countries to developing nations.

Japanese companies will use the funds borrowed from the Eximbank and the commercial banks to extend credits to China at the OECD minimum rates, which will mean in effect that they will be offering the Chinese buyers an interest rate subsidy equivalent to two per cent of the value of the loan.

Exporters are expected to recover this by adjusting the prices of future plant contracts upwards by an appropriate amount. For plant contracts which have already been signed (but for which financing arrangements have not yet been worked out) the two per cent subsidy will represent a net loss to the exporter.

An important aspect of the Japanese plan is that China will be expected to bear the foreign exchange risk involved in the switch from Eximbank yen loans to dollar-denominated deferred payment credits—in other words if the yen appreciates against the dollar during the period in which such loans are outstanding China would be expected to make up the difference.

Japan feels that this is a reasonable request to make given that Japanese exporters will be offering a two per cent subsidy to China on the cost of the original export finance.

It is also noted that in one previous instance, the financing arrangements for a steel plant export contract signed by Nippon Steel in 1975 the foreign exchange risk was shared equally between Japan and China.

If the Japanese financing formula is accepted by China it will apparently be applied to most plant export contracts signed under the long term trade agreement negotiated between the two countries last year, including the $2bn Shanghai steel plant for which Nippon Steel Corporation is the main contractor.

The total value of plant exports provided for under the agreement (which runs up to 1985) is between $7bn and $8bn.

The Japanese payment formula is designed to circumvent the serious obstacle which Japan faces in the China market as a result of the strength of the yen. China has adopted a policy of not borrowing in hard currencies in order to finance its imports from advanced industrial countries.

Inflation likely to slow export growth

BY BRIJ KHINDARIA IN GENEVA

MORE INFLATION in industrial countries is likely to dampen growth of world trade this year and will stop it from substantially exceeding last year's rate of growth, according to an assessment by the world's trade watch-dog organisation.

The General Agreement on Tariffs and Trade said, in a first evaluation of international trade trends for this year and last year, that in dollar terms world trade grew by about 14 per cent to $1,280bn in 1978, an increase of 1 per cent compared with 1977.

"If the expected slowing down of the economy of the U.S. is kept within the limits indicated by the official forecasts, its effects could be offset by some acceleration in Western Europe," the study said.

It added that uncertainties concerning the economic policies in the industrial countries "facing a renewed acceleration of inflation make it hazardous to formulate an outlook for world trade in 1979."

Import demand in Europe can be expected to increase if economic activity does in fact pick up enough to offset the slow-down in the U.S.

The total import demand of the oil-exporting countries is uncertain partly because their export earnings fell by 4 per cent last year compared to the year before.

Combined with a 15 per cent rise in the value of their imports, this has caused the trade surplus in the hands of oil-exporting countries to halve to $15bn from $35bn in 1977.

The current account deficit of oil-importing developing nations widened to $35bn last year from $22bn in the previous year, dampening prospects for import growth.

The export earnings of such countries also suffered last year. They rose by only 9 per cent compared with 16 per cent in 1977 because of a fall in prices of primary products.

Daimler-Benz four-wheel drive car in production

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FULL PRODUCTION of the cross-country car developed at a cost of £27m by Daimler-Benz of West Germany and Steyr-Daimler-Puch of Austria has now begun and the first vehicles will reach the market in May or June this year.

The four-wheel drive car is seen as a potential major competitor to BL's Range Rover in particular and, to a lesser extent, the Land-Rover, American Motors' Jeep and the Toyota Land Cruiser.

Output will be relatively modest at 9,000 in the first year and then 11,000 a year compared with around 10,000 Range Rovers, 50,000 Land-Rovers, 160,000 Jeeps and 110,000 Land Cruisers.

The partners feel this is as many as a brand new plant making a brand new product at the high-quality end of the market can safely make in the initial stages. But, depending on demand, output could quickly rise to 15,000 to 20,000 a year.

The newly-built plant at Graz in Austria is already employing 800 and this will soon go up to 1,000.

Daimler-Benz estimates that the net benefit to the Austrian balance of payments in the first year would be equivalent to $184m because 96 per cent of the output will be exported.

The partners each have 50 per cent of Gelaendewagenfahrzeug Gesellschaft (GFG), the company set up in 1977 to develop and produce the new vehicle, called the Gelaendewagen or the "G" range for short.

Because of the setting-up costs it will take some time for the project to come into profit.

Most of the "G" range will be sold with a Mercedes badge. But in Austria, Switzerland, Yugoslavia and the Comecon countries it will be sold as a Puch.

The early marketing efforts will be aimed at Europe, the Middle East and Africa. The partners hope for sales for military, police, fire-service and similar purposes as well as to private buyers.

By present motor industry standards the cost of getting the new vehicle so quickly on the road was fairly reasonable. This was achieved by incorporating some well-tried components. Daimler-Benz will supply engines, transmissions and axles as well as steering assemblies. Steyr-Daimler-Puch is providing frames and bodies.

To satisfy widely differing requirements of customers the G range is being built in two wheelbase lengths (2,400 mm and 2,800 mm) with three body variations (canvas-top, van and station wagon) and with four different engines—a 2.4 litre, four-cylinder diesel; a 3 litre, five-cylinder diesel; a 2.3 litre, four-cylinder petrol, and a 2.8 litre, six-cylinder petrol injection.

More HK work for Britain

BY PHILIP BOWRING IN HONG KONG AND LYNTON McLAIN IN LONDON

MORE BRITISH companies have been awarded contracts to help build the second stage of Hong Kong's new railway.

GEC Rectifiers won an order worth £10m for power supply equipment, including rectifiers, transformers and switchgear.

The signal and mining division of Westinghouse Brake and Signal was awarded a second contract by the Hong Kong Mass Transit Railway Corporation for signal and train control equipment. The contract, announced this week, brings to £16m the total work won by the company for the Hong Kong railway.

Westinghouse also supplied the braking equipment for the 210 rail cars which are now under construction at Metro-Cammell's Birmingham works. Metro-Cammell won a second order, worth £50m for an extra 150 rail cars for the railway, this week. GEC Rectifiers also won a contract for the first stage of the rail programme, three years ago.

Meanwhile, Construction Navales et Industrielles de le Mediterrannee has been awarded the contract for the station escalators, Otis Elevator for elevators, and Cubic Western Data of the U.S. for fare-collection equipment.

UK NEWS

Panic food buying gave small shops sales boost

By David Churchill

SIGNS THAT independent grocers were the early benefactors of the panic buying of food last month are revealed in the latest survey of the packaged grocery market carried out by the AGB research company.

For the first time since the High Street supermarket price war started in the summer of 1977, the independent grocers' share of the packaged grocery market has increased while the multiples' share has declined.

In the four weeks ending January 6, 1979, the independent grocers' share rose by 0.7 per cent while the multiples' share dropped by 1.2 per cent. However, the multiples still have about two-thirds of the total market share.

None of the major supermarket multiples managed to increase their market share in the period, despite record sales in the week immediately before Christmas. The Co-operative stores, however, did manage to push up their total market share by 0.5 per cent to 18.6 per cent.

Trade sources suggest that the reversal in the retail trend was due to a combination of bad weather and early panic-buying in the first week in January.

Shoppers evidently decided to buy from the nearest available sources — such as small local grocery stores—in spite of the higher prices they charge.

Evidence that shoppers were prepared to buy food from any source when panic buying started is also provided by the rise of 1.3 per cent to 15.5 per cent in the share of grocery purchases from non-food multiples such as F. W. Woolworth, as monitored by AGB.

Haulage dispute hits car production

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

CAR PRODUCTION was considerably held back by the haulage dispute in January, but commercial vehicle output remained reasonably steady.

According to Department of Industry statistics today, output (seasonally adjusted) of cars in January was 93,000, which is 16 *per cent below the level of the* same month last year.

It was nearly 25 per cent below the 120,000 produced in April 1978, the best month for car output last year.

The statistics starkly illustrate the problems car-makers have to keep pace with buoyant demand.

The whole of the last quarter of 1978 was affected by the nine-week Ford dispute, and monthly production fell from 111,000 in September to 79,000 in October, 53,000 in November and 93,000 in December (a five-week month).

Compared with this steep decline in output, registrations of new cars continued at a high level. For example in January car sales were 2.5 per cent up on the same month last year, in turn a very good month for demand.

In these circumstances it is easy to understand why sales of imported cars reached a record 54 per cent of the total in January.

The prospect of major disruption at BL plants this month suggests that production might continue to be held back just at a time when Ford will be getting back into its normal stride.

Commercial vehicle production was at a fairly high level in January.

The seasonally adjusted output was 34,100, up 2.4 per cent on January 1978 but not quite matching the best months last year, when more than 36,000 commercials were produced.

On a quarterly basis the disparity between car and commercial vehicle output is even more marked. The monthly average output of cars fell from 101,000 to 80,000 from the August-October to the November-January period, a drop of 21 per cent.

For commercials there was hardly any change, with output averaging 29,800 a month.

Shake-up for Pye expected to be announced by Philips

BY MAX WILKINSON

A MAJOR shake-up of Pye, the Cambridge telecommunications and instrument company is expected to be announced soon by Philips of Holland, its controlling shareholder.

Philips, which owns 60.7 per cent of the Pye shares, announced yesterday that it intended to put forward "certain ideas for the reconstruction of Pye, which would require the consent of minority shareholders and which might involve the transfer of certain assets to Philips Industries and a distribution of cash.

This follows the take-over by Philips of Pye's radio and television interests in 1977. Philips acquired all the television production and marketing of Pye in the UK, Australia and Hong Kong to integrate it completely into Philips' worldwide operation. At the time, Pye's television company was making substantial losses.

Yesterday's brief announcement was made as a result of Stock Market rumours. It appears to be the preliminary of a similar integration of at least Pye TMC, the telephone switching and office communications division, which makes private brance exchanges. A strong industrial case could be made for integrating this with the Philips' operations, whose headquarters are in Hilversum, Holland.

A more fundamental reorganisation may be envisaged which would take in the mobile communication, broadcasting equipment and instrumentation divisions.

If this were to be done, it would be logical for Philips to make an offer for the remaining shares, so that Pye became a wholly-owned subsidiary.

Some analysts believe this move is overdue because many of the operating parts of Pye are already heavily dependent on Philips' technology and must increasingly conform to its strategy.

However, Philips may still *feel inhibited by an undertaking* which it gave to the Government when Philips took control of Pye. At that time the Board of Philips promised that Pye's separate British identity would be maintained.

For this reason, it may prefer to leave the mobile communications and broadcasting divisions of Pye substantially unchanged. Both have, in any case, formed close working relations with Philips to avoid wasteful overlap.

In the market for office equipment, however, a new relationship is being forged between communications equipment, small office computer systems and electronic typewriters.

To compete in this market, Philips will need to develop an integrated system and unified marketing. It is probable that rationalisation of production will be needed to improve the rather low profitability of Pye in this area.

In 1977, Pye showed a pre-tax profit of £16m on sales of £185.5m. The return on sales was 9.6 per cent, but the annual report said that the export order intake began to show signs of a decline towards the end of the year.

Falmouth shipyard closure opposed

By Lynton McLain

THE CONFEDERATION of Sshipbuilding and Engineering Unions plans to oppose the proposed closure of the Falmouth Shiprepair yard in Cornwall, with the loss of more than 1,300 jobs.

The confederation's executive said in London yesterday it did not think the closure by British Shipbuilders was in the interests of the industry. Nor was it socially acceptable in view of the very high unemployment in the South-West.

The decision to close the yard was in the final draft of the corporate plan presented to Mr. Eric Varley, Industry Secretary, at the end of December.

Mr. Varley, who is considering the plan, has said he would consult the trades unions and British Shipbuilders before any final decision was taken on the corporation's overall strategy of cutting employment in its yards by 35 per cent, with the loss of 12,300 jobs.

The unions were consulted about the closure of Falmouth Shiprepair, but not in the context of the the overall corporate plan which has been vehemently opposed by the confederation.

This piecemeal approach to realising the 12,300 redundancies is certain to anger the unions, which had assumed that there would be no announcement of redundancies before the Government had fully considered the restructuring plan.

British shipbuilders said there had been mounting losses at the yard and no foreseeable economic viability. The total loss after tax for the 12 months to March 31 last year was £1.52m, but the yard had earned £3.2m in export contracts.

Defy tachograph strike threat, Tory MP says

BY LYNTON McLAIN AND NICK GARNETT

THE GOVERNMENT was urged yesterday to defy the threat of another strike by lorry drivers and to go ahead with introducing the tachograph speed and time recorder.

Mr. Alan Law, a Midlands regional officer o fthe Transport and General Workers' Union, said that attempts to force the tachograph on drivers would lead to a strike.

However, Mr. Hugh Dykes, Conservative MP for Harrow East, called on the Government to obey the EEC rules and make the tachograph compulsory. The European Court of Justice ruled on Wednesday that Britain had breached EEC law by failing to introduce the device.

Mr. Dykes is one of Parliament's leading advocates of more control on heavy lorries. Six years ago he launched the Heavy Commercial Vehicles (Control and Regulations) Act which gave legal backing to bans of lorries on amenity grounds.

He said that tachographs were essential to protect the public from excessive hours worked by drivers of large vehicles.

Many union officials consider the tachograph inevitable although the transport union still intends to resist it.

Mr. Jack Ashwell, the union's national transport secretary, said that there was no power to implement the ruling and much discussion was needed before any law on the tachograph was implemented.

"We have lost a battle but not the war. In the meantime, we stand by what we said before: that our system of calculating time the driver is on duty and not just driving time is safer.

"The money involved in fitting these things could be much better spent improving things on the lorry and in the cab for the driver."

Introduction of the tachograph will lead to a big productivity payment claim on behalf of the drivers. Taken with the union's intention to protect earnings against hours reduced by EEC regulations, that will almost certainly lead to big pay rises.

British Rail goes ahead with Channel Tunnel draft plans

BY LYNTON McLAIN

BRITISH RAIL is to go ahead with drafting plans for a £650m Channel tunnel that would bring Paris within 4½ hours of London by train.

The BR Board has asked Mr. William Rodgers, Transport Secretary, for the Government's *views on the project.*

But Mr. Rodgers said in the House of Commons yesterday that there was no question of the Government entering into new public spending commitments at present. He told MPs that the Government would consider carefully the BR proposals, but its earlier opposition to a twin tunnel project was unchanged.

British Rail's initiative follows a preliminary technical and economic study by French and British railway engineers. This concluded that a single-track tunnel, rather than earlier proposals for a twin tunnel which were abandoned in 1975, would be technically feasible and financially viable.

The tunnel could be in operation by 1990 if a go-ahead was given within two years. The single track design would have a capacity of 8m passengers a year and 8m tons of freight a year by the end of the century.

The cost would be shared equally between Britain and France and would include £100m. for new trains.

The tunnel would produce an annual rate of return of 10 per cent and would involve an annual investment over seven years of £50m for each country.

Road vehicles would be permitted only as freight and BR said it expected to win a share of the market for long-distance *heavy lorry traffic*, which goes by sea at present. There would be no need for the large road and rail interchanges which were part of previous tunnel proposals.

Through rail services using the tunnel could be accommodated within existing rail routes. Victoria Station and Kensington Olympia were suggested as possibly termini in London.

Ministers for Norway oil platform talks

BY ROGER BOYES

BRITAIN AND Norway have agreed to hold a special Ministerial meeting before a final decision on *siting of an important* platform in the North Sea Satfjord Field.

Dr. Dickson Mabon, the Minister of State for Energy, said yesterday that the Ministers would discuss later this year the position of the Statfjord "B" platform and the eventual location of a third platform.

The Ministerial talks will try, it is understood, to iron out some political problems concerning the platforms before the licensees, including the Norwegian state oil company, Statoil, the operating company Mobil, the British National Oil Corporation, and Conoco come to a decision on the eventual siting of the structures.

Britain has been pressing for a feasibility study to investigate the possibility of siting the second platform, Statfjord B, in the northern part of the field rather than the south as planned.

This would allow the third platform, Statfjord C, to be put on the UK side of the field, a move which would clearly be welcomed by Britain.

A study team will look into the soil composition of the proposed new site for Statfjord B.

Dr. Dickson Mabon was anxious that the study should be completed as soon as possible, preferably before autumn. He made clear that the Norwegians were "genuinely willing" to think about alternative sites for the "B" platform, though not very enthusiastic about the prospect.

Dr. Mabon has said that relocation of the "B" platform may save up to $1bn of the total costs. But a recent report commissioned by the oil-company licensees claimed that change of site would delay development and increase costs.

Waterfall hotel plan rejected by Alderney

By Maurice Samuelson

A PLAN by Mr. Ian Waterfall, *a former Elliott Group director*, to convert a disused Victorian fort on Alderney in the Channel Islands into a 150-bed hotel and casino has been turned down by the island's finance committee.

The committee said the plans weer undesirable and for larger premises than envisaged, and that a casino would have been illegal under Channel Islands law. It rejected an application to the full States of the island's legislature.

But Mr. Waterfall's company, Watkins, which is mainly associated with renovating buildings, says that the law could be altered to permit a private casino and plans to appeal to other members of the States against the committee's ruling.

It was estimated that the tax returns of the company managing the complex would benefit the island's economy by about £150,000 a year. Watkins claims that the complex would provide valuable employment for the island, which has a population of about 1,500.

Mr. Waterfall had proposed the £3m development at Fort Tourgis, the island's second largest fort, which is now falling into ruin. It would have contained a deluxe hotel with leisure facilities including gaming room, cinema, swimming pool, tennis

The scheme would have been backed by Lewis and Peat (Overseas), *part of Guiness* Peat.

● In 1976, Mr. Waterfall, a co-director of Watkins, was one of three directors involved in large share sales when on the Board of Elliot Group of Peterborough, a building products concern. All three left the company about a year ago.

A Stock Exchange investigation found that the share sales, after the announcement of £54m worth of overseas orders which did not materialise, were not disclosed. Mr. Waterfall is on holiday in the Far East.

Dow Chemical plans big price rises

BY SUE CAMERON, CHEMICALS CORRESPONDENT

DOW CHEMICAL Europe plans price increases of up to 114 per cent to recover rising feedstock costs and obtain a sufficient return to reinvest. This week spot market prices for naphtha, a basic petrochemical feedstock, have risen by as much as $50 a tonne.

The company, part of the U.S. chemical group, said yesterday that its target was a pre-tax return on investment between 25 per cent and 30 per cent, assuming that all plants operated at full capacity.

It would need to raise prices by 20 to 30 per cent to achieve this.

Prices of some Dow chemicals will rise by more than 30 per cent, notably ethylene glycol. The company aims to raise the price of its mono-ethylene glycol from $340 a tonne to $728 a tonne, an increase of 114 per cent, by March.

Dow's target prices will involve increases between now and March 1 of 11 per cent for ethylene, 30 per cent for propylene, 39 per cent for styrene, 25 per cent for low-density polyethylene, 4 per cent for 1-1-1 trichloroethane, 19 per cent for propylene glycol and 29 per cent for polypropylene glycol.

Mr. Frank Popoff, vice-president of Dow Europe, said yesterday that this week's increases in the spot price of naphtha had "rendered the recent pricing initiatives of the chemical industry totally inadequate."

Despite some ambitious *pricing programmes, such as* that of Imperial Chemical Industries, more needed to be done.

Dow wanted its customers to understand clearly the basis of its pricing policy.

Its aim was to "stabilise the reinvestment element" in its prices while "building in escalators" to cover variable feedstock costs.

The reinvestment element would normally account for about 40 per cent of a product price, while the other 60 per cent would cover feedstock costs. Mr. Popoff stressed that the ratio could vary considerably from one product to another.

Dow's long-term aim was to prevent sharp peaks and troughs in its prices, which benefited neither the chemical industry nor customers. This happened when the "relationship" between suppliers and customers was one of "You got us, so now we'll get you."

Brewers seek 3p rise on pint price

By David Churchill

COURAGE, the Imperial Group brewery subsidiary, yesterday confirmed that it has asked the Price Commission for a 3p a pint increase in the price of beer.

But the commission has still to decide whether to investigate the proposed increases as it did with Allied Breweries' price rises last year. Allied, so far, is the only one of the big brewers to be authorised by the commission to raise prices.

The proposed 3p a pint rise in Courage beer will account for only about three-quarters of the anticipated cost increases in the coming year.

According to Imperial Group's preliminary financial results published yesterday, the brewery division's pre-tax profits were up £4.6m to £37.1m on sales of £449.9m—up from £415.8m in 1977.

Another big brewer, Arthur Guinness, made clear at its annual meeting in London yesterday that it was also seeking a 3p per pint price rise, to take effect, if the Price Commission allows, from February 25.

● Mr. Tony Garrett, chairman of Imperial Tobacco, the Imperial Group's tobacco trading subsidiary, yesterday called for an end to the king-size cigarettes price war by June at the latest. He said the trade had been told of the company's intention to stop price-cutting in the hope that Imperial's competitors would also call an end to the price war.

Some banks 'open clients' files to insurance men'

BY ERIC SHORT

MR. JOHN SMITH, Trade Secretary, was urged yesterday to put a stop to the giving of confidential information by bank managers about their customers as a means of helping to sell them "in-house" insurance policies.

The call for Department intervention came from Mr. Keith Blundell, chief executive of Liberty Life Assurance, after he claimed that the Office of Fair Trading had declined to act immediately on the results of a three-year investigation by the company.

Liberty Life, in conjunction with the Life Insurance Association, the insurance salesmen and brokers body, had submitted 24 case histories, which, the company claimed, were well documented and showed that some banks were opening their files to unauthorised personnel to increase the sales of unit trusts and life assurance policies issued by the banks' subsidiaries.

Mr. Blundell claimed that banks intercepted new standing orders for insurance premiums and held them up while a salesman called on the customer and offered an alternative policy.

Barclays Bank admitted that from time to time branch managers selected customers who, they considered, might appreciate a talk about life insurance. But the bank said it did not divulge the financial affairs of those customers to the salesmen of Barclays Life Assurance.

Scottish small business fears strike effects

BY RAY PERMAN, SCOTTISH CORRESPONDENT

A NUMBER of small businesses in Scotland could still face collapse as the effects of the lorry drivers' strike continue to make themselves felt, the Confederation of British Industry said last night.

The CBI Scottish Council expressed concern about the aftermath of the dispute at a meeting in Glasgow and Mr. Alan Devereux, chairman, said companies still had large stocks of finished goods which could not be moved because the distribution pipeline had been clogged during the haulage dispute.

Manufacturers were having to pay higher interest charges on stock, *and over the next two or* three months would face higher freight charges.

In addition, the costs of keeping on labour and working below capacity during the strike itself still had to be fully assessed and it was not known how badly exports had been damaged.

"Heavy engineering, *metals*, and chemicals industries are very gloomy indeed about what the dispute has done to their export prospects," Mr. Devereux said.

"This comes against a background of the latest CBI trends survey which shows rising industrial costs which are not being reflected in increased sales."

The high settlements reached with the drivers and the current large public sector pay claims had raised expectations which *many small firms would be* unable to meet.

Yesterday's increase in the bank rate had pushed them to the brink, and if wage costs rose by more than 10 per cent many firms would crash.

Bank directors reappointed

By David Freud

THE FOUR directors of the Bank of England, whose terms ended this month under the established system of rotation, have been re-appointed for an additional four-year term.

The four directors are: Lord Nelson of Stafford, chairman of the General Electric Company and Bank director since 1961; Mr. Leopold de Rothschild, director of N. M. Rothschild and Sons and Bank director since 1970; Mr. John Clay, deputy chairman of Hambros Bank and Bank director since 1973; and Sir Hector Laing, chairman of United Biscuits (Holdings) and Bank director since 1973.

Trollope novel makes £1,000

SALEROOM

BY ANTONY THORNCROFT

A FIRST, rather soiled, edition of Trollope's early novel, The Kellys and the O'Kellys, sold for £1,000 at Sotheby's, Chancery Lane, yesterday—the first time a Trollope work has reached the £1,000 mark at a British auction. Other good prices were the £950 for a first edition of Jane Eyre and £800 for a first edition of Mary Wollstonecraft Shelley's Frankenstein. Trollope's La Vendée also did well at £600.

In a Sotheby's silver sale, Bloomstein paid £980 for a George IV matching four-piece tea and coffee set by Joseph Angel and in the prints, L'Aquaforte gave £1,900 for an album of many prints including Callot's *Le passage de la mer rouge*.

Christie's, South Kensington, devoted a sale to lead soldiers for the first time. The Band of the Black Watch, by Heinrichsen, sold for £200 but was beaten by a Salvation Army Band, by Britain, which totalled £220.

At Christie's yesterday, Continental furniture totalled £123,293 with Emanouel, the London dealer, paying £7,000, plus the 10 per cent buyer's premium, for a pair of ormolu mounted walnut cabinets of the mid-19th century, and Hogg, another London dealer, £6,000 for a 17th century ebony and marquetry cabinet. A Dutch oak and marquetry display cabinet of the 18th century sold to Sorgeloose, the Belgian dealer, *for £4,600 and a Brussels* "Teniers" tapestry of the early 19th century realised £4,200.

A fan which had belonged to the actress, Lillie Langtry, was bought for £95 at Phillips yesterday. It was of white ostrich feathers and bore the monogram "L." It sold to a U.S. dealer.

A Crown Derby tea cup and saucer sold for £1,350 at a Lawrence of Crewkerne sale yesterday. The high price was due to the fact that it was painted with nautical scenes by George Robertson. Another remarkable price was the £1,250 for a Goss china model of St. Iltyd's Font, at Llantwit Major. A Meissen love-in-disgiuse figure, 3½ inches high, made £900. Bonhams sold a Continental coastal view by Jules Noel for £3,200 and a Louis XVI tric trac table for £3,400.

Figures released by the Antiques Trade Gazette suggest that fears that the UK is losing its artistic heritage are exaggerated. The value of antiques (objects over 100 years old) exported last year was £259m, while imports were nearly £223m. In all, exports rose by 14 per cent, but imports were 19 per cent up.

Building trade recovery 'is faltering'

BY MICHAEL CASSELL

THE 1978 recovery in demand and output for the construction industry is already slowing in some sectors, according to the National Federation of Building Trades Employers.

But the federation's latest state-of-trade inquiry shows that reasonable growth remains in some areas of the industry, especially new work for private commercial and industrial customers and for repair and maintenance work.

An analysis of 600 replies from member companies throughout the country shows a slight increase in those reporting a declining number of business inquiries. The federation says that although this suggests the first signs of a general slowing of activity, it is too early to say whether the sharp falls in output forecast by the building and civil engineering Little Neddie and by the National Council for Building Material Producers will prove accurate.

It says its inquiries confirm all the pessimistic projections about new housing work in private and public sectors, with deteriorating demand reported by many contractors.

The Royal Institute of Chartered Surveyors said yesterday that the situation remained buoyant during the last three months of 1978 although the rate of improvement in workload recorded earlier in the year showed signs of slowing slightly.

"The number of practices reporting more preliminary estimate commissions rather than fewer is encouraging and quantity surveyors should be able to look forward to 1979 with a reasonable degree of optimism," it said.

Takeover activity highest since 1973

Financial Times Reporter

TAKEOVER ACTIVITY last year rose to its higest level since 1973. The Government journal Trade and Industry says today that 570 companies were acquired for £1.104bn in 1978, compared with 483 for £815m in 1977.

In the fourth quarter more companies were taken over than in any period since the first three months of 1974. Acquisitions in the fourth quarter were 157, against 142 in the third, and quarterly averages of 121 in 1977 and 143 in 1978.

Consideration for independent companies dropped from £300m to £217m from the third to the fourth quarter. Sums spent to effect mergers, the value of which is calculated as the smaller company's share of a newly formed company, grew from £8.7m to £41.6m.

The largest transaction in the last quarter was the merger of Associated Dairies and Allied Retailers, which accounts for all merger activity, as opposed to independent company acquisitions, in the quarter.

Acquisitions above £10m in the fourth quarter were the £24.9m Dawson International bid for John Haggas, Vantona Group's purchase of J. Compton Sons and Webb (Holdings) for £12.9m, and the Raybeck acquisition of Bourne and Hollingsworth for £11.3m.

Trade and Industry calculates that the 28 largest deals in the fourth quarter, each over £2m, made up 71 per cent of total spending. The average cost of acquisition fell to £1.6m from £2.2m in the third quarter.

Cash deals were 67 per cent of the fourth-quarter total, against 55 per cent in the third.

British Airways profits ahead this year

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS' net profits rose by nearly 80 per cent to £128m, in the first nine months of the 1978-79 financial year, compared with £71m in the same period of 1977-78.

During the period from April 1 to December 31, last year, the airline's passenger traffic rose by 26 per cent, while its overall load factor (the percentage of seats, mail and freight capacity sold) rose by 4.1 per cent to 62.2 per cent.

Announcing these results yesterday, the airline said that one reason for the improvement was that in 1977, results had been depressed both by an air traffic control assistants' dispute, and by fleet problems arising from the discovery of cracks in the wings of Trident jets.

Another factor helping to boost the nine-months results was that in the period covered —which included last summer's record traffic on the North Atlantic route—demand for cheap charters fell as a result of cut-price fares on scheduled flights.

This meant more passengers for scheduled flights, but many fewer seeking charter flights.

British Airways gross profits for the nine months to December 31 last amounted to £152m, against £89m for the same period of the previous year.

Net profit was calculated after deducting capital borrowings for fleet expansion and other purposes, taxation and other factors.

Second Gatwick air terminal plans expected this month

BY OUR AEROSPACE CORRESPONDENT

THE British Airports Authority is expected to submit its planning application for the second passenger terminal at London's Gatwick Airport, costing £100m, before the end of this month.

This will be designed to increase passenger capacity from the present 16m a year to 25m by the mid-1980s.

But the authority expects the Department of the Environment to order a public planning inquiry into the second terminal, which would probably delay its introduction by up to two years.

The authority makes no secret of its belief that the second terminal at Gatwick is just as essential to the future smooth flow of air traffic into and out of London and South-East England, as the fourth terminal at Heathrow, at present also the subject of a planning inquiry.

The two developments, with limited further growth at Luton and Stansted, would give London an airport capacity of 65m passengers a year by the mid-1980s, against a present capacity of about 50m.

But with traffic growth expected to amount to more than 70m passengers a year by then, rising sharply to over 80m by 1990, the authority believes that development of a third major London airport before that date is now urgent.

This urgency will become even more acute if either the second terminal at Gatwick, or the fourth at Heathrow, or both, are rejected by the Government because of environmental objections. Under such circumstances, serious traffic congestion would emerge by 1984.

The Authority is now convinced that there is no alternative to development of a third airport for London. But because this is a matter for consideration by the Government's Airports Policy Advisory Committee, the authority adopts a cautious public approach to the issue.

The committee, which is representative of Government, airlines, local authorities, trades unions and other interested parties, is also now believed to agree with the airports authority.

While it is still considering possible sites, options are believed to have narrowed to two or three, of which development of Stansted, and a revival of the offshore Maplin project, are the most promising.

Of those two, Stansted appears the most logical because of its convenience to London, its already improving motorway and rail links, and the fact that it already has one long runway, and sufficient land to enable at least initial expansion.

The committee is expected to decide this autumn, but the Government will probably insist, once again, on a public planning inquiry.

Barlow buys 80% stake in Wrenn

By Hazel Duffy

BARLOW HANDLING, the UK-based subsidiary of the South African Barlow Rand group, is expanding its distribution of equipment by buying an 80 per cent stake in the American distributor Wrenn Brothers.

Wrenn, based in Charlotte, North Carolina, distributes all Hyster equipment in North and South Carolina, Georgia, and eastern Tennessee, and other equipment including mobile cranes and Perkins engines.

Barlow Handling says the acquisition, which will increase its size by half, will make it probably the world's largest distributor of mechanical handling equipment. The purchase comes at a time of industrial expansion in this part of the U.S.

The price for Wrenn was $6.5m (£3.25m) which is being financed through a loan raised in the UK. The company's annual profits are about $1.5m. One of the three founding brothers of the company, Mr. George Wrenn, will continue as president.

Barlow Handling is the main distributor of Hyster equipment in the UK. It employs 1,200 people and has a subsidiary in Belgium.

Boycott fear 'hits British exports'

BY RHYS DAVID

BRITISH INDUSTRY is losing a lot of potential business with Israel to its international rivals because of unjustified fears of the Arab boycott, Sir Marcus Sieff, chairman of Marks and Spencer claimed in Manchester yesterday.

Speaking at the inauguration of the Anglo-Israel Chamber of Commerce's first branch outside London, Sir Marcus said UK companies were afraid even to quote, leave alone seek, Israeli orders because they felt they might damage their business in Arab countries or lose future potential business.

Yet companies in West Germany and the U.S. were continuing to develop their export business with Israel and they were not suffering.

By contrast, Britain had allowed its exports to Israel to decline last year even though Israel had pushed up its share of the £500m trade between the two countries from £160m to £190m. Opportunities were being missed to supply aviation equipment, heavy engineering products, power stations, hotels, technological know-how and expertise, for all of which there was a strong demand in Israel.

Sir Marcus, whose own company has used Israel as a profitable source for clothing and food products, pointed to the example of the Hilton Hotel group which, he said, had rejected an Arab boycott office warning and gone ahead with hotels in Tel Aviv and Jerusalem. This steadfastness had not stopped Arabs from staying in Hilton hotels around the world, nor had it affected Hilton hotels in Arab countries.

Indeed, the Arab Council had held one of its summits at the Rabat Hilton in Morocco.

Arabs were also among the largest and most welcome customers at Marks and Spencer branches. Some even wanted to know if the quality of Israeli-made Marks and Spencer products was as good as that of those made in Britain.

Sir Marcus Sieff

Sir Marcus accused the Government of being "lily-livered" in its reluctance to stand up to the Arab boycott and of being anxious to make "a fast buck" in trade with the Arab world to the detriment of Britain's medium- and long-term interests. British trade with Israel could easily be double the present £500m.

"With peace coming, Israel will develop into a springboard for increasing trade with her neighbours, many of whom have great wealth but little know-how. Those who have established the right trading links with Israel will benefit most," he said.

University applicants' chances improve

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

BRITISH youngsters chances of entering university have improved in the past five years, according to figures published yesterday by the Universities Central Council on Admissions.

But prospects for overseas candidates have decreased in that period, despite a 22 per cent rise to 79,881 in the number of first-year places available.

Last year 134,588 British candidates applied for places through the council. The number admitted was 74,308—or 55.2 per cent. The ratio in 1973 was 54.9 per cent.

But although admissions of overseas students rose from 3,672 to 5,573 in five years, foreign applications also increased and the overseas success ratio declined from 31.2 to 24.3 per cent.

Competition for British students sharpened in several subject groups. Their success ratios fell from 61.5 to 55.9 per cent in engineering and technology courses, and from 46.7 to 42.6 per cent in "economically relevant" social studies such as busines management, accountancy, public administration, economics and law.

But home candidates' prospects improved from 77.9 to 81.4 per cent in mathematics and natural sciences and from 52.4 to 57.1 per cent in languages, literature and associated arts subjects.

Admissions of women increased in the five years by 29.5 per cent to 29,691, with women's success ratios declining from 55.7 to 53 per cent.

The men's entry rose by 17.7 per cent to 50,190, with success ratios falling from 51.1 to 49.5 per cent.

Sixteenth Report 1977-78. UCCA, PO Box 28, Cheltenham, Glos. GL50 1HY; 65p.

Accountants reply on stock relief

By David Freud

STOCK RELIEF should be written off in a last-in-, first-out basis, according to the Consultative Committee of Accountancy Bodies.

That it says would be simpler and more logical than the first-in, first-out principle proposed by the Inland Revenue.

The recommendations are in response to an nIland Revenue consultative paper on means of extending tax relief on increases in a company's stocks.

The committee would like abolition of the 15 per cent deduction from income before arriving at stock relief. Instead, it says, relief should be fixed at a percentage of the stock value increase or decrease.

The committee welcomes the proposals to allow partial claims but opposes the suggestion that if a partial claim is made, the stock relief unclaimed should be lost.

It also welcomes the proposal to ignore temporary reductions in stock values, deferring the clawback at the option of the taxpayer, but suggests it would be unfair to tax both "clawbacks" in one accounting period.

Tolly Cobbold to spend £5m on modernisation

BY OUR CONSUMER AFFAIRS CORRESPONDENT

TOLLY COBBOLD, the Ipswich brewery, announced a £5m modernisation programme yesterday to improve its public houses and create a new centralised distribution network.

The plan will probably require redundancies, Mr. Peter Strutt, managing director of the brewery, officially known as Tollemache and Cobbold, said.

The job losses were being discussed with employees and trade unions. About 80 employees might eventually be made redundant out of a workforce of 580.

The investment, the brewery's largest single spending plan, will be carried out over the next two years. The brewery has sought recently to improve its beers and its public houses.

Tolly Cobbold is a subsidiary of Ellerman Lines, whose interests include shipping, travel, transport and insurance.

CONTRACTS

USAF £7m housing order

EFGH has awarded a contract worth more than £7m to **FRENCH KIER CONSTRUCTION** for all infrastructure and substructure works in the construction of 425 houses for servicemen from the Mildenhall and Lakenheath bases. The housing is spread over three areas, phases 5 and 6 of the Studland Park Development, and at Orchard Row, Soham. It is the largest build-to-lease housing contract ever placed in Europe by the U.S. Air Force.

★

BIRKBYS PLASTICS has rereceived orders worth over £2.5m from the telecommunications industry. These orders include one over £1m from the Post Office to supply apparatus mouldings for the repair of telephone instruments.

★

Valued at almost £1.4m, what is believed to be the largest single order ever placed in the UK for mobile radio equipment has been received from Air Call by Marconi Mobile Radio, a division of **MARCONI COMMUNICATION SYSTEMS** (a GEC-Marconi Electronics company), for the supply of mobile radiotelephones and for new control systems for the expansion of facilities at 21 Air Call control centres, to meet the increasing demand for Air Call's 24-hour, nationwide car telephone service and new Interconnect service.

★

MOWLEM AFRICA CONSTRUCTION has been awarded a £1.1m contract jointly with a Sudanese company. It is to build a health training institute at Wau, southern Sudan, for a West German mission called the Sudan Catholic Bishops Conference. The institute will act as a treatment hospital and training centre for medical orderlies.

★

A fleet of 17 fork lift trucks is to be ordered for British Airways' Heathrow cargocentre at a cost of nearly £200,000 from **LANSING BAGNALL**. The trucks will be delivered in the summer for use in the export terminal.

★

The industrial finishing division of **CARRIER ENGINEERING** has been awarded a second contract worth about £100,000 for the installation of a finishing paint booth for Chieftain tanks. The installation forms part of a test facility where operative health and safety conditions are improved and more vehicles can be tested. The Carrier plant will force-dry the paint finish.

★

TRENT CONCRETE, producer of precast concrete structural components, has received three orders worth over £1m. The orders involved the supply of frames and concrete cladding and all are on schedule for completion. A £500,000 order, to supply and fix precast concrete cladding panels to the new headquarters of the Intergovernmental Maritime Consultative Organisation being built on the Albert Embankment, London, is the largest of the three orders. The others are a £400,000 order to supply frame and cladding for a factory building for Tetra Park Rausing in Wrexham, and a similar specification valued at £200,000 for a new home improvement centre in Birmingham.

★

ALEXANDER HALL AND SON (BUILDERS), a subsidiary of Aberdeen Construction Group, has been awarded a £450,000 contract for the new shopping centre at Westhill, Aberdeen. Work is scheduled for completion in 14 months.

★

BOC OFFSHORE SYSTEMS, has won a contract worth about £70,000, to design and supply diving equipment for installation on Star Offshore's new diving vessel mv Star Perseus. Equipment includes an open diving bell, decompression chamber, diving control room—incorporating gas and hydraulic control consoles, and a skid unit on which will be mounted the hoisting winch and bell handling frame. The equipment will be operated by North Sea Diving Services, Great Yarmouth.

★

Two advance factories of 5,000 sq ft each are being built for the Department of Industry at Mullacott Cross, Ilfracombe, Devon. A contract worth about £166,000, including site development, has been awarded to **R. HARRIS AND SON (BUILDERS)**, Barnstaple.

Government seeking to extend debate on Companies Bill

BY ANDREW TAYLOR

THE GOVERNMENT, concerned about what it regards as deliberate delaying tactics by Conservative MPs, is seeking to extend the time allotted for debate for the Standing Committee on the Companies Bill.

Relations between Labour and Conservative MPs on the committee have become strained over the past 10 days, following the tabling of an amendment by Labour backbenchers which would make it less easy for UK public companies to donate funds to political parties.

The Standing Committee is due to meet on Tuesday and Thursday mornings but Mr. Robert Maclennan, Under Secretary for Prices and Consumer Protection, yesterday gave notice that he intends to propose a motion to extend the sittings.

"The Government is determined that this Bill should go through and we will seek to sit as long and as often as necessary to ensure that this happens," he said afterwards.

It had been thought that the amendment—which would give shareholders the same rights as trade unionists to contract out of political donations made by public companies—would have been debated this week. But progress within the committee has slowed considerably in the past three sittings.

Conservative MPs on the committee have repeatedly stressed that the recent slow progress has not been deliberate but has occurred because important issues have been debated.

Britain to back Ulster project

A STUDY of the tourist potential of an Ulster border region announced yesterday will bring together the Irish and British Governments and local councils on both sides of the Irish frontier.

Each government will contribute £20,000 to the one-year project and the EEC will provide £40,000. The investigation will study the potential of the catchment area of the Erne system of navigable border lakes and waterways.

Pit tunnel road to raise output

THE COAL BOARD is to build an underground "motorway" at Gedling Colliery, South Nottinghamshire, at a cost of £3.5m.

The two-mile tunnel will connect the pit bottom with workings in the High Hazel seam, and the reduced travelling time should raise production by about 150,000 tonnes a year.

Microprocessors 'should be made easier to use'

BY DAVID FISHLOCK, SCIENCE EDITOR

BETTER PROCESS control technology is likely to remain the most important application of microprocessors—chips—Professor John Westcott told the Royal Society in London last night.

Industrial efficiency would be strongly influenced by the extent to which the microprocessor was exploited, said Prof. Westcott, head of the department of computing and control at Imperial College, London. He urged research not only into a better understanding of the new machine but also into making the technology easier to use.

There was the possibility of microprocessors which, when they found they could no longer control a situation, would reprogram themselves.

Prof. Westcott, speaking on uses for the microprocessor, said that 30 years ago, £5 would have purchased one electronic amplifier using valves. Now one could buy 50,000 transistors on a single chip no larger than a tea leaf. By the early 1980s, 1m components on a single chip should be a commercial proposition.

Micro-electronics had already upset one of the established assumptions of computer technology, he said. Traditionally, what had mattered were costly switching elements which were kept as few in number as possible.

With micro-electronics, switching elements were virtually free—it was the connecting wires which were expensive. "Furthermore, the switches act in no time at all, while signals dawdle down the wires at the speed of light," he said.

With micro-processors, the most significant thing was that a component costing only about £10 could be programmed. This meant that a standard part, capable of mass-production in very large numbers, could operate in a number of roles.

The minicomputer had made scarcely any impact on small control functions in the factory. "It's penetration into the factory system has been remarkably low." But the microprocessor solved the problems these earlier systems could not and was cheap enough to put in a box, "at every single point where you need to control some simple function."

In the home, Prof. Westcott predicted, there would be an average of seven to 10 microprocessors in the 1980s and it was only a matter of time before houses were built with a central console co-ordinating all their functions.

TV licence reform urged by TUC

REFORM of the broadcasting licence fee system was urged yesterday by the Trades Union Congress in its published comments on the Government's White Paper on Broadcasting, writes Colleen Toomey.

"At present the licence fee is regarded as another form of taxation rather than a payment for public service broadcasting," the TUC said in a memorandum to Mr. Merlyn Rees, Home Secretary, who is responsible for legislation on broadcasting.

The TUC supported, with reservations, the proposal that a fourth television channel should be allocated to a new open broadcasting authority.

But it expressed concern about whether a fourth channel devoted to cultural, educational and minority interests would be compatible with a dependence on advertising.

There should be no premature move away from financial support by the Government until the authority had firmly established the character of its programme coverage, the TUC said.

There was a likelihood that an under-financed Open Broadcasting Authority, which screened but did not produce programmes, could lead to a lowering of technical and programme standards and to increased casualisation of employment in the indsutry.

Consumer chairmen seek more influence

By Maurice Samuelson

THE GAS, coal and electricity consumer bodies called yesterday for a bigger say in running their industries, saying their budgets should be increased, with higher salaries for part-time chairmen.

Chairmen of the three groups were commenting to a panel of the Commons select committee on nationalised industries. While generally welcoming a Bill to strengthen the consumer voice in the nationalised industries, they said that in some respects the draft legislation did not go far enough.

The Bill, implementing parts of the last White Paper on the Nationalised Industries, gives the recently-formed Electricity Consumers' Council statutory status, the Domestic Coal Consumers' Council a right to information about National Coal Board plans and makes the chairman of the National Gas Consumers' Council an ex-officio member of the British Gas Corporation.

Professor Naomi Mackintosh, chairman of the National Gas Consumers' Council, and Mr. Michael Barnes, chairman of the Electricity Consumers' Council, said there should be at least two consumer representatives on the industry boards.

Scottish Nationalists' Strathclyde pledge

STREAMLINING Scotland's "costly and bureaucratic" local government system must be a priority of a Scottish Assembly, Mr. Iain MacCormick, the Scottish National Party's local government spokesman, said yesterday.

He said in Glasgow that an assembly would act to end chaos created by the "monster" regional authorities in Scotland.

"The good news for half the population of Scotland is that Westminster's Frankenstein—Strathclyde—would be broken up into more practical divisions."

Mr. MacCormick, MP for Argyll, said the cost of the assembly would easily be met by savings made in reshaping local government. Remaining savings would be spent on essential services.

It would be possible to reduce rates since the rate for a single-tier authority was likely to be considerably less than the combined rate for district and regional authorities.

"For a song we could have in the assembly an effective way of controlling expenditure, cutting red tape and bringing democracy once more back to the people."

The referendum on a Scottish Assembly is to be held on March 1.

Orkney rate rise cushion

ORKNEY ISLANDS Council has decided to use over £750,000 from its oil revenues to cushion the impact of rate rises from April.

This is the second time that oil money from the "disturbance fund" has been used for this purpose and it means that the ratepayer will be helped by 45p in the £, leaving him to pay 55p in the £—or 10 per cent more than last year.

The relief will not apply to the Occidental oil consortium in Flotta, the Islands Council, or government agencies such as the Post Office, which will pay the full rate.

A surplus of about £2m—which it is estimated will accrue from this year to the end of March—is to be used to repay loan debts and to finance capital expenditure.

Productivity checklist

A CHECKLIST likely to help managers improve their companies' performance and productivity has been published the British Institute of Management.

It is based on the work of 39 sector working parties set up by the National Economic Development Office under the industrial strategy programme.

ENERGY REVIEW: NORTH SEA

BY KEVIN DONE, ENERGY CORRESPONDENT

Redundant platforms: a headache to come

OFFSHORE OIL and gas fields usually will have a life of 15-25 years, so it might appear a little premature for the oil industry to be debating how to remove the massive steel and concrete structures, which it is installing many miles out in the North Sea.

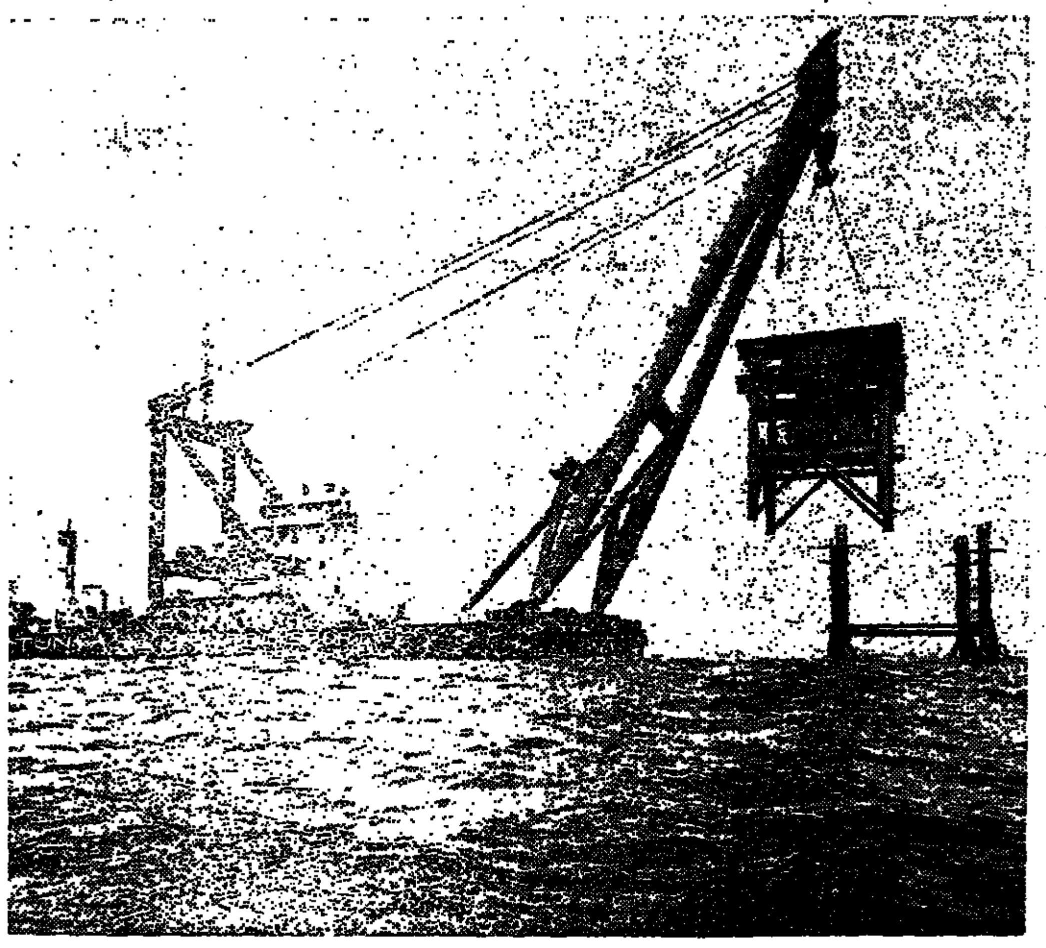
With little fanfare, however, the first redundant offshore production platform has already been removed from a North Sea field. One of the small steel jackets installed 12 years ago on British Petroleum's West Sole gas field in the southern North Sea has claimed its place in the history of the industry. It has been dismantled, cut free from the seabed, loaded on to a barge, and brought ashore. It gave designers and engineers their first opportunity to study in detail how offshore structures react to long years of exposure to the North Sea.

The one thing the oil companies appear to be agreed on is that the eventual costs of removing the huge offshore oil platforms from the northern North Sea will be enormous. For the rest the whole issue is still shrouded by uncertainty. In the first place it is not absolutely clear what the companies' legal position is with regard to having to clean up the seabed when the oil and gas are exhausted. There are grave doubts about the sort of tax allowances the companies will be allowed to set against removal costs. But prudent accounting demands that companies should prepare themselves by starting to make financial provisions now.

For companies such as Shell, British Petroleum or Occidental, each annual abandonment provision will alone run into many millions of pounds. The oil industry therefore has to think hard about how these provisions should be treated for accounting purposes. So far no agreed view has emerged. Without a common standard set by the accounting profession, the companies have to go their own way. Some are already making the provision, some are still labouring to make up their minds, others have hardly started to address the problem.

There is no precise statute which sets out the duties and responsibilities of a licensee on the UK continental shelf upon abandoning platforms and subsea equipment. But there are many references which strongly suggest that the responsibility will fall on the companies, rather than the state. The outline of the legal requirements stem from the United Nations Convention on the continental shelf, of 1958, which the UK ratified six years later. It states unequivocally that "any installations which are abandoned or disused must be entirely removed." Having ratified the convention it is the Government's task, in theory at least, to interpret the exact meaning of this clause and lay down whose job it is to organise the removal and to pay for it. But existing UK legislation is unclear.

Section 17 of the model clauses attached to the 1975 Petroleum and Submarine Pipelines Act say, "the licensee shall not abandon any well without the consent in writing of a minister." If a company fails to meet its obligations under that clause, section 34 goes on to give the Government power "to execute any works" necessary and then recover the costs and expanses of the operation from the oil company licensees.



Off comes the top section as BP removes its West Sole platform.

Precisely what the cost will be of removing entire platforms from the northern North Sea in 20 years' time is hard to say, because offshore technology is sure to develop significantly.

In its latest engineering study of the problem British Petroleum calculated that it could cost £90m-£100m to remove each of the four Forties platforms.

Figures put together for the UK Offshore Operators' Association suggest it could cost £150m to dismantle and remove the Thistle platform, £81m to remove the Ninian South platform and £111m for the Brent A platform. All these amounts are at present-day costs. If account is taken of inflation in the next 20 years, it is easy to reach a total of as much as £1bn for the removal of a complex offshore development such as Shell/Esso's Brent Field.

The question clearly arises of whether the abandonment of platforms at such high cost would be a sensible way of spending resources. It is an argument that is hardly calculated to appeal to the growing environmental lobby, but it might prove to be politically acceptable once Government begins to understand the share of the burden it might have to meet.

Some people in the industry argue that it would be most sensible to leave the platforms with suitable navigation lights and other devices in order to warn shipping of the hazard, rather like the war-time platform installations that are still in place several miles off the coast of southern England. Equally it is suggested that it might be necessary to remove the upper part of the platform, the deck and equipment modules, while the steel support jacket could perhaps be cut off 200 to 300 feet beneath the water-line. This would remove the hazard to shipping, but would hardly appease the fishing industry which is already less than enamoured of the oil companies' arrival.

The oil industry appears to foresee fewer difficulties with the hundreds of miles of subsea pipelines has has laid in the North Sea at costs of as much as £1m a mile. They are mostly buried a few feet beneath the seabed, and will be buried more deeply by the build-up of sediment which should remove them as potential hazards.

The case of the platforms is very different. Concrete monsters such as the 600,000 tonnes Ninian central platform—billed as the biggest object ever moved by man when it was towed out last year—could have the steel deck dismantled and removed and the concrete columns and base then re-floated and towed away to be sunk in deep water in the Atlantic Ocean. But it is far from certain whether the platform could in practice ever be re-floated after 20 years or so firmly embedded on the North Sea and exposed to unknown stresses of fatigue and corrosion.

BP's experience with the West Sole platform is hardly encouraging. It felt it had the obligation to leave the seabed clear. It removed the whole of the steel jacket even to the point of digging away the seabed to a depth of several feet in order to cut off the steel piles beneath the surface. The whole operation cost about £2m—some eight times the original cost of the structure in the mid-1960s.

With this kind of cost escalation in mind and aware of current cost estimates for meeting its possible legal obligations, Shell started in its 1976 accounts to make a first tentative provision of £5.2m. The amount is calculated according to the size of production expected from all its North Sea fields balanced against the estimated costs of abandonment. In 1977 the provision entered in the accounts had jumped to £22.4m. The subsidiary company involved, Shell UK Oil, had to announce a resulting pre-tax loss of £10.4m.

Present company policy is stated in the 1977 annual report. It says: "The extent of the company's liability to clear its North Sea oil and gas fields when they cease to produce has been based on estimates obtained from consulting engineers of the costs at present-day price levels of dismantling and dispersing production facilities on those fields. Amortisation is being set aside on a unit of production basis to provide for the costs of abandonment based on these estimates."

In 1977 BP made no such provisions, but in its quarterly statements during 1978 it started to make "provisional provisions" and it is still considering the issue for its annual report. The British National Oil Corporation is likely to make a provision in the accounts for 1978. In its last annual report it was only able to say: "At present the likely methods of site restoration and the ultimate costs involved are not known with any degree of certainty."

The Department of Energy cannot give guidance: it in effect admits that it has still to work out its position.

So the oil companies are left to make independent provisions as they see fit and to fight for tax concessions from the Inland Revenue. Under both Corporation Tax and Petroleum Revenue Tax there are no provisions to allow for deductions before costs are actually incurred. For Corporation Tax costs incurred on one field could be set against profits made on a later development, but many smaller companies only have one field. Equally when costs are actually incurred they can only be carried back over the preceding three years' profits. By definition the field will have been running down over this period, so profits should also have fallen, restricting the tax reduction available.

One tax consultant to a major oil company commented this week: "If you had enough profits you could get back all abandonment costs, but it is extremely unlikely that a company could generate such big profits." Petroleum Revenue Tax is more generous in allowing losses to be carried back over the whole life of a field. But here the problem arises that some fields will only generate very small PRT payments, if any, and the definition for abandonment costs qualifying for PRT relief is in any case very restrictive. Qualifying costs can only be incurred "for safety and prevention of pollution" purposes, which hardly cover the wholesale removal of a platform.

Best estimates made by Esso suggest that no more than 30 per cent of abandonment costs could ever be recovered through tax relief, and the final figure could be nearer 25 per cent. The oil industry has been basing its argument with the Inland Revenue for relief on an obscure past case, Owen versus Southern Railway of Peru Ltd., in which the particular company received relief for some pension fund provisions, before they were actually incurred. But this approach has run into a blank wall and the oil industry is having to think again.

In the meantime the Government might well contemplate the fact that many overseas companies are only involved in single field North Sea developments. When the time comes to abandon the field such companies without other UK interests and with no provisions made, might well decide it would be cheaper simply to abandon the UK by winding up its local operations and leaving the Government or its partners to pick up the pieces.

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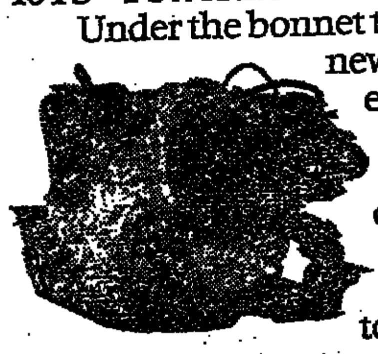

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104 S – Fun in comfort.

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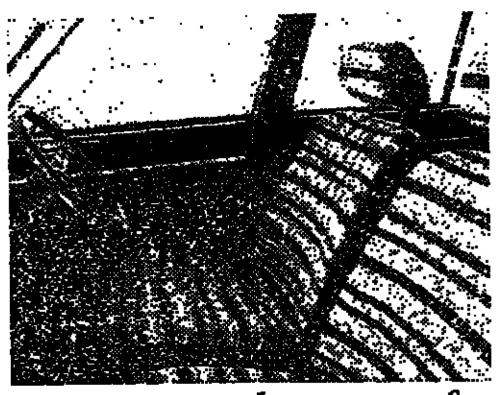
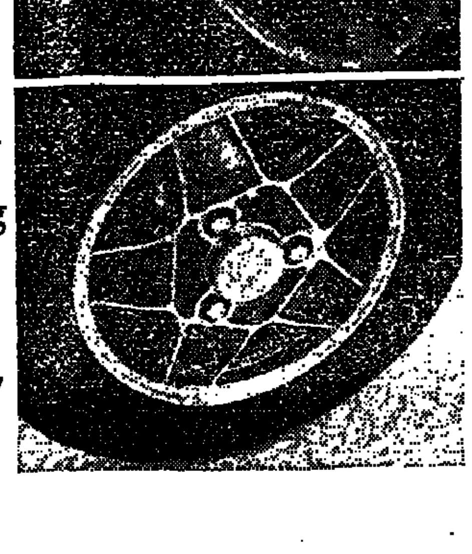


cloth covered seats are extremely comfortable and there's bags of leg room for front and rear passengers. The wheelbase is exceptionally long for a small car, enabling the passengers to sit in between the wheels rather than over them, ensuring a much more comfortable ride. The front seats recline and have head restraints as standard equipment.

104 S – Comprehensive equipment is standard.



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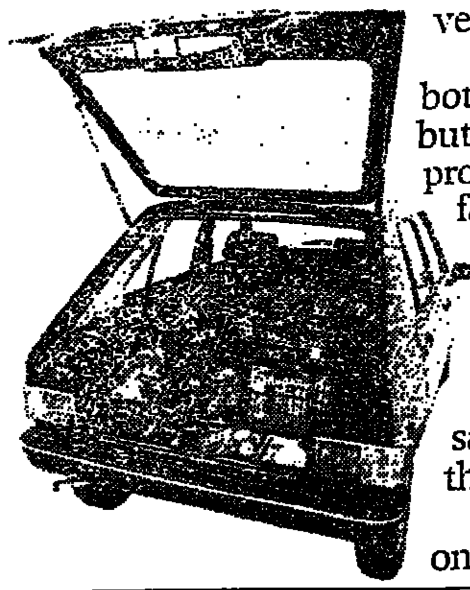

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Milk tax proposal resisted

BY IVOR OWEN

MR. JOHN SILKIN, the Minister of Agriculture, yesterday received assurances of Opposition support in resisting the EEC Commission's proposals for a progressive tax on milk production.

He described the proposed changes in the co-responsibility levy as "highly discriminatory against the dairy farmers of the UK."

Endorsing this view, *Mr. John Peyton*, the Conservative shadow minister, agreed that it would be quite intolerable if the Germans—who were responsible for the lion's share of the surpluses—were to be allowed to be exempt from the rather fierce measures proposed while Britain's dairy farmers felt the full force of them.

During exchanges about the proposals for the devaluation of the *so-called green currencies*, Mr. Silkin gave notice that if Italy secured devaluation of the green lira ahead of the price-fixing, he would reserve Britain's right to be given the same treatment.

Devaluation

Asked when the price review negotiations were likely to be finalised, he commented: "It may be quite a long summer."

There were some "little local difficulties" in the EEC which might have to be got out of the way first.

Agricultural prices will stay "frozen" until EEC food surpluses have been eliminated, Mr. Silkin said.

He had been urged by **Mr. Doug Hoyle** (Lab., Nelson and Colne) to continue to support the general price freeze on farm products.

Mr. Hoyle said that, if necessary, Mr. Silkin should also use the veto to protect the interests of British housewives, not those of "Euro-fanatics" on the Tory benches.

Euro-fanatics

Mr. Silkin replied that it was the "Euro-fanatics" in Brussels that worried him.

He assured MPs that not only would the Government maintain to the final degree—"which might be a veto, but I hope not"—a freeze on common prices this year, "but we are going to do so until the structural surpluses have been eliminated."

Mr. Silkin agreed with **Mr. Tom Torney** (Lab. Bradford S) that the best way to get rid of the huge surplus of butter was to reduce the price.

When **Mr. Max Madden** (Lab. Sowerby) said that the way Mr. Silkin defended British interests commanded widespread support, Mr. Silkin replied: "It is my intention to go on and on year by year saying that the price does not rise until the surpluses have been eliminated.

Interest rates blamed on pay

BY PHILIP RAWSTORNE

MR. JAMES CALLAGHAN yesterday blamed uncertainty about the level of wage settlements for the steep rise in interest rates.

The Prime Minister also reiterated his warning that if public sector pay claims were pushed through, Government spending and borrowing would have to be cut. "There can be no escape from that," he declared.

Mr. Callaghan came under immediate attack from **Mrs. Margaret Thatcher** in the Commons for the increase in minimum lending rate.

"A potential disaster for home buyers," the Tory leader called it.

"Home buyers and small businesses are having to pay the price for this Government's economic failure," she snapped.

The Prime Minister retorted: "I am grateful to you for spelling out some of the consequences of the policies you have been advocating. Perhaps you will now support me more in the Government's determination to keep inflation down."

He called on her to support moderate wage settlements and help end the uncertainty about pay that had been partly responsible for the rise in interest rates.

Mrs. Thatcher angrily responded that if he wanted to reduce inflation he should cut Government borrowing.

Mr. Callaghan admitted that Goovernment borrowing did influence the level of interest rates.

"It would be helpful if we could reduce it. But I would prefer to do it not by cutting Government expenditure but by increasing economic growth."

The Tory leader returned to the attack with a demand for cuts in the Government's spending plans ontlined in the recent White Paper.

Government plans for a 2 per cent increase in expenditure had been generally regarded as modest and sensible, said Mr. Callaghan.

"But I am bound to say to the House that the uncertainties of the present pay situation, including the additional costs of meeting some of the claims in the public sector now, whether of the public services, local authorities, Civil Service or some others, if carried through, would be bound in the end to result in having a review of total Government expenditure and the borowing requirement.

"There can be no escape from that."

Mr. Andrew Faulds (Lab., Warley E), bluntly criticised the attitudes of the "more powerful, self-sufficient" trade unions.

With their belief in free collective bargaining, perhaps they should become affiliated to the Conservative Party," he suggested.

A lot of Tory trade unionists were now on strike, said Mr. Callaghan, ignoring demands to name them.

Unions had been born out of a desire for justice, he commented. "That should be true now, not only for their own members, but in their concern for the whole community."

Replying to **Mr. David Steel**, Liberal leader, Mr. Callaghan said that average pay settlements were now edging above 10 per cent.

"This, of course, is the Government's concern—to avoid getting on this scalator which carried us up to 30 per cent by the end of the round last time.

"The Government must and intends to stand firm in its own area. If the country has to suffer a certain amount of disruption, it will be less significant than if we give way

Mr. Ray Whitney (C., Wycombe) said that the massive rise in interest rates had been caused by Government incompetence and would inflict grave damage on British industry.

"There is no doubt that high interest rates, if sustained for considerable period, are damaging to industry and especially small firms," the Prime Minister agreed.

But if the Government maintained its efforts to keep inflation under control, that in turn would ensure higher employment.

Slow progress on Crown Agents

BY IVOR OWEN

THE Government apparently does not intend to rush the steps needed to complete the process of disengaging the Crown Agents from the "own account" activities which led to the loss of about £200m through excursions into secondary banking and property.

"A fairly lengthy period of disengagement offers the best prospects of reducing demands on public funds," **Mrs. Judith Hart**, Minister for Overseas Development, told MPs last night.

The House gave an unopposed escond reading to the Crown Agents Bill, which regularaises their constitutional relationship with the Government and establishes a capital structure.

Mrs. Hart explained that the Bill provided for the maximum possible separation between the financial consequences of the Crown Agents' own account activities between 1967 and 1974 and the financial responsibilities undertaken in discharging their *continuing traditional services* to their principals — overseas Governments and other overseas bodies.

The Bill would establish a separate holding and realisation board and this would deal with the remaining unrealised assets arising from the own account activities, the largest of which was the investment in the Abbey Capital Property Group in Australia.

The Board would have the same management as the Crown Agent, but would be under direct and ministerial control, exercised by the Ministry of Overseas Development and the Chief Secretary to the Treasury.

Any surplus resulting from the decisions of the holding and realisation board would be paid to the Consolidated Fund in recognition of the grants made (approximately £175m) as a result of the Crown Agents' losses on their own account business.

Mrs Hart assured the House that the Bill provided complete safeguards against any possibility that at any time in the future the Crown Agents might follow the "dangerous road" which led to their losses in secondary banking and property.

While stressing that she was not seeking to anticipate the report of the tribunal of inquiry which is investigating the losses incurred by the Crown Agents, she said there could be no doubt that they had acted unwisely and with amateurism.

They had walked straight into the trap of property speculation and involved themselves with "the shady side of the City."

Heseltine predicts big rates rise

MR. MICHAEL HESELTINE, shadow environment secretary, claimed in the Commons yesterday that the 8.8 per cent pay offer rejected by council workers would mean an average 15 per cent rates increase.

And he offered **Mr. Peter Shore**, Environment Secretary, Tory support in "resisting further escalation of the claim."

But though Mr. Shore recognised the council workers' settlement would be "very influential" in terms of pay *claims still to come, he warned* Mr. Heseltine not to make assumptions about what level of rates would emerge.

The exchanges came after Mr. Heseltine asked an emergency question on rejection of the pay offer.

Mr. Heseltine reminded Mr. Shore that six weeks ago he forecast rate increases on average in single figures, but now, on Mr. Shore's own calculations, they must reach an average of 15 per cent.

There could be *no* case for encouraging the unions to seek an extra settlement which the ratepayers would be expected to pay, *and* not *the Government*, he said.

Mr. Heseltine was constantly interrupted by Labour left-wingers. Eventually, the Speaker, **Mr. George Thomas**, warned **Mr. Dennis Skinner** (Bolsover) that he would be asked to withdraw from the chamber if he continued.

Mr. Heseltine said that inflationary wage settlements would do nothing to help the low-paid.

"The public is in a mood to settle this matter within the *existing offer, and you should* advise local authorities that they should consider the use of volunteers and contractors to maintain essential services."

Mr. Shore "cautioned" Mr. Heseltine not to go in for any assumptions about what may emerge over the level of rates likely to be struck by councils during the next few weeks.

He said he recognised that it would be a very influential settlement in terms of those pay claims which would come *after*.

He thanked the Tories for supporting the 8.8 per cent offer. "I am grateful for any support these days," he said.

But the greatest support Mr. Heseltine and his party could have given, said Mr. Shore, was by not voting in the way they did in December, and not to have given rise in people's minds in the public sector to a sense of deep-seated unfairness between the private and public sector.

Labour Party treasurer **Mr. Norman Atkinson** (Lab Tottenham) said it was time to allow the National Joint Council to "fairly and independently" negotiate wages and then report back to the Government.

The experience of recent weeks showed that it was disastrous to negotiate wages across the floor of the House and for the Minister to be directly involved.

That method "converts public sector workers into economic regulators," said Mr. Atkinson.

Mr. Shore said we had gone beyond the period of history *when these matters could* be resolved by arbitrators. That way resulted in high inflation, he said.

Police back existing picket law

By Our Parliamentary Staff

POLICE APPROVE POWERS CHIEF Constables have told the Home Secretary that they believe existing law provides sufficient powers for police to deal with criminal offences arising from industrial disputes.

Mr. Merlyn Rees said it had been made clear to him that there would be strong opposition among police chiefs to any suggestion that the police should be required to stop vehicles for the benefit of pickets, and that there would be similar opposition to any legal sanction being given to pickets to stop moving vehicles.

BRITISH shipbuilders now expect to make a loss on the Polish shipbuilding order, Mr. Leslie Huckfield, Industry Under-Secretary, said last night.

"Overall, British Shipbuilders now expect to make a loss on these orders after crediting the Shipbuilding Intervention Fund assistance, but it will not be possible to quantify this until the contract has been completed."

EARLY REPORTS from industry indicate that as a result of the road transport strike, about 10 per cent of manufacturing production may have been lost in January. Mr. Leslie Huckfield, Industry Under-Secretary, said in a Commons written answer. Some of the loss was likely to be made good with the return to normal conditions.

THE GOVERNMENT hopes to make a statement on the National Enterprise Board's recommendation on British Leyland's corporate plan before the Easter recess, Mr. Alan Williams, Industry Minister, told the Comons

***THE GOVERNMENT intends* to seek Parliamentary approval for an extension of the Pools Competition Act, 1971, for a further year, Mr. Merlyn Rees, the Home Secretary said last night.**

Peer urges all-party coalition

A COALITION of all parties should be formed to deal with the industrial crisis, Lady Burton of Coventry, Labour, urged in the Lords yesterday.

She said during exchanges on the rejection of the council workers' pay offer that present disputes amounted to "a deliberate attempt to wreck industry and ruin democracy.

"Many men who have what they consider to be genuine grievances find themselves caught up in a frenzy of self-destruction of the whole country as well as themselves."

All parties should come together under the leadership of the Prime Minister, with no conditions attached, "to prevent this catastrophe before it engulfs us all."

Lady Stedman, Government environment spokesman, said that no number of political parties or organisations could achieve more than the Government was doing.

Lord Sandys, Conservative spokesman, termed the public workers' action a "strike against theratepayers."

For the Liberals, **Lord Rochester** said his party supported the Government's firm line, but was concerned at the fate of volunteers who broke the strike.

He wanted an assurance that "those who make or respond to such calls will be given the full protection of the State and, if necessary, in any case where there is a closed shop operation, through retroactive legislation."

Lady Stedman *said she* believed that the Government should stand by those who helped in the emergency. But she added that that was a personal reaction and could not be taken as "definitive."

In the last resort, the Government would use troops in the dispute to protect the public from health or fire risks if the local authorities could not find volunteers or private contractors to carry out the work.

Lords reject Rhodesia inquiry

THE HOUSE of Lords rejected last night the Government's proposal to set up a special commission of MPs and peers to investigate how oil supplies reached Rhodesia in spite of sanctions.

The vote was 102 to 58, a majority of 44. As the Commons has decided that there should be such an inquiry, the decision means that MPs will almost certainly set up the commission without the peers.

The proposal for the inquiry follows the Bingham report on oil sanctions.

Lord Elwyn-Jones, the Lord Chancellor, said that the inquiry was necessary to clear the air, but if it were to be effective, the 30-year rule covering the disclosure of Cabinet papers would need to be relaxed.

He said: "If Parliament believes the story should be fully and fairly investigated, the commission must see the material, contemporary documents.

"To rely wholly on fallible and perhaps differing recollections of past events would be fair neither to the commission, the investigators, nor the investigated." That should not be taken as a precedent for the future.

Mr. Michael Foot, Leader of the Commons, is likely to make a statement to MPs on the defeat. The vote was not strictly a defeat for the Government, since there was a free vote in the Commons on the proposals.

However, the plan for the form of the inquiry was put forward by the Government and indications from the Government were that in spite of the Lords' decision, there would be some form of inquiry.

The Government's immediate reaction was that the Lords' vote was a straight conflict with the Commons rather than a party affair.

It is therefore up to MPs to decide how to proceed. Inter-party talks are likely before a statement is made.

Much of the Lords' opposition to such an inquiry was concentrated in a speech by **Lord Hailsham of St. Marylebone**, a former Tory Lord Chancellor. He said that if it went ahead, he could see a future of "endless recriminations, countless leaks, a non-result following years of delay and, perhaps, a demand for a further inquiry at the end of the day."

He did not accept that rejection of the Government's proposal would mean a confrontation with the Commons.

Walker condemns EEC 'sabotage'

BY ELINOR GOODMAN, LOBBY STAFF

THE LABOUR Government was accused yesterday of throwing away *benefits* of Britain's membership of the EEC by its obdurate attitude and negative policies.

Mr. Peter Walker, MP for Worcester and a member of the Heath Government, said that the present Government had "sabotaged" progress towards European integration by appointing anti-Europeans to key ministerial positions and had so turned British public opinion against Europe.

Though Mr. Walker is not a member of the shadow cabinet and is a much more ardent European than Mrs. Thatcher appearst o be, his speech gave a fair preview of the Conservative Party's likely strategy in the June elections for the European Parliament.

The Tories are likely to campaign on a strongly pro-European platform, arguing that it is *far* better to take a constructive attitude to reform from within the Community than the negative policies adopted by Minisetrs like **Mr. John Silkin**, *Minister for Agriculture*.

The party, he said, must fight the election on revising the hopes for Europe and for those people who voted for British membership in the referendum.

Speaking in Cambridge yesterday, Mr. Walker acknowledged that since the referendum campaign, enthusiasm for Europe had waned and that the "visions had disintegrated."

But he rejected the argument of some Conservatives who feel that it will not help the party *to be too closely associated with* Europe.

Was it not time, he asked, that the Conservative Party made it clear to Europe that from the moment it came to power the EEC would find a transformation in Britain's attitude and that a new British Government would be in the forefront of urging European progress.

Taking up a point made by **Mr. Francis Pym**, another enthusiastic pro-European who took over as shadow foreign secretary last autumn, Mr. Walker called on the EEC to develop its defence capability.

He also emphasised the party's commitment to seeing that Britain took an active part in the European Monetary System.

Though Mrs. Thatcher's shadow team includes some anti-marketeers like **Mr. John Biffen**, most of the splits over Europe now seem to have been papered over.

Some differences of opinion remain however, on the whole *question of regional aid*.

The manifesto for Europe is now being drafted by a team headed by Mr. Pym and it has still not yet been decided how to reconcile the party's general objection to State aid with the advantages Britain currently enjoys from the regional fund.

Mr. Walker made his position clear yesterday when he said that Britain would benefit if Europe could develop positive regional policies.

Parliament next week

COMMONS

MONDAY: *Second reading of* Credit Unions Bill and Lords amendments to the Price Commission (Amendment) Bill.

TUESDAY: State of British industry.

WEDNESDAY: Banking Bill (remaining stages) and EEC documents.

THURSDAY: Public Health Laboratory Services Bill (Lords second reading) and Vaccine Damage Payments Bill (remaining stages).

FRIDAY: Private Members' Bills.

MONDAY Feb. 19: Report *from* select committee on procedure.

LORDS

MONDAY: Dartmoor Common Bill. Public Lending Right Bill.

TUESDAY: Marriage (Enabling Bill. Film Bill. Estate Agents Bill. Carriage by Air and by Road Bill. second readings.

WEDNESDAY: Problems of rural deprivation. Refugees debate.

THURSDAY: Land Registration (Scotland) Bill, third reading.

Shipyards probe sought

THE GOVERNMENT is being urged to conduct an inquiry into union representation in the shipbuilding industry after British Shipbuilders' decision to recognise the Engineers and Managers' Association.

The call was made yesterday by the executive of the Confederation of Shipbuilding and Engineering Unions, which is opposed to the extension of recognition to non confederation organisations such as the EMA. Both the Department of Employment and the Department of Industry will be asked to take part in the investigation.

Mr. Alex Ferry, general secretary of the confederation, said it hoped that the inquiry would establish that, within the spirit and intention of the nationalisation Act, there was no need for proliferation of unions in the shipbuilding industry.

More than 100 members of TASS, the white-collar section of the Amalgamated Union of Engineering Workers at the Haverton Hill, Teesside, yard have refused to co-operate with managers in the EMA since December.

The TASS members are now being instructed to resume normal working. Unless they agree a Bank Line order with British Shipbuilders is in danger of being lost to West Germany.

Yesterday's confederation reaction was comparatively muted. There had been warnings that recognition of the association would lead to serious industrial action; but the state of order books has clearly conditioned the confederation's response.

Strike hardens as Shore sees unions

BY PAULINE CLARK, LABOUR STAFF

FURTHER EFFORTS to break the deadlock in the national public service workers dispute were made by the Government yesterday as unions stepped up action by council workers and ambulancemen.

After the unions' outright rejection on Wednesday of an 8.8 per cent pay offer to more than a million dustmen, school caretakers, gravediggers and other local authority manual workers, Mr. Peter Shore, Environment Secretary, initiated further "exploratory talks" yesterday.

He met leaders of the four major public service unions employers' representatives in separate talks on their pay problems. He had asked both sides to give him a full briefing of the abortive negotiations which took place on the previous day.

Meanwhile, the National Union of Public Employees, representing 12,000 of Britain's 17,000 ambulance staff, yesterday asked their members to tighte nup on industrial action.

The union, which claims that most ambulance services are operating only emergency work, said that in many cases members had been flexible in their interpretation of what was an emergency. From now on they would be asked to keep strictly to 999 emergency work and would maintain only those special services already agreed by the unions.

Among the public service groups presently taking action, the ambulancemen are the only group to have been offered no improvement on the original 5 per cent pay offer.

The extra £3.50 offered this week as an 8.8 per cent deal to local authority workers and to hospital ancillary staff would mean less to the ambulancemen, whose pay starts higher up the scale.

Union negotiators estimate that the £3.50—the Government's concession to the low paid—would mean only about 6.5 per cen on average to the ambulance workers.

A meeting of the staff side of the ambulancemen's Whitley Council yesterday resolved to make a strong protest to Mr. David Ennals, Secretary for Health and Social Security, on management's alleged failure to make a "realistic offer."

It decided to hold a national delegate conference of ambulancemen to discuss the pay position but in the meantime the unions have emphasised their commitment to seeking a special pay inquiry aimed at giving ambulancemen similar status to firemen and police as professional emergency workers.

The unions estimate that after the second stage of special case deals next year, ambulancemen will be earning only £2,971 a year compared with £5,711 for a fireman. Present earnings are put at an average £83 a week of which over 30 per cent is said to arise from overtime and special benefits for shifts and unsocial hours.

● Southern England health authorities warned yesterday that threatened industrial action by blood transfusion workers could seriously affect supplies to hospitals in a large area. Drivers for the eight transfusion teams run by the South West Thames Regional Health Authority, who are members of the Confederation of Health Service Employees, have already decided to strike for 24 hours on Monday and allow only two teams to work.

Mr. Malcolm Ross, administrator of the transfusion service, said "I feel very strongly about this. Drastic industrial action would be dangerous."

With between one-half and two-thirds of Britain's hospitals taking emergencies only because of action by ancillary staff, surgeons and anaesthetists at St. Georges hospital, London, one of the biggest teaching hospitals, were preparing yesterday to wheel their own emergency patients into operating theatres.

Riverside dockers agree 10%

By Nick Garnett, Labour Staff

RIVERSIDE dockers working for member companies of the Wharfingers Association in London yesterday accepted a pay offer of marginally more than 10 per cent.

The deal, which covers 900 dockers, involves a 10 per cent increase on basic pay and a similar rise on bonus payments, together with improved sick pay.

Further discussions are expected today on the 4 per cent offer to workers at London's enclosed docks.

Dockers at a number of ports have accepted deals worth up to 11 or 12 per cent, many including productivity schemas. But other ports have been affected by strikes and other industrial action by dockers seeking rises of up to 15 per cent.

Tate and Lyle drivers accept

The 120 lorry drivers employed by Tate and Lyle in Merseyside who have been on strike for a month voted yesterday to accept the company's latest pay offer and return to work on Monday.

That will enable 1,200 production workers to be recalled to plants at Liverpool and Newton-le-Willows.

Times men want talks with Benn

PRINT WORKERS and journalists on the The Times and Sunday Times said yesterday they would seek a meeting with Energy Secretary Mr. Anthony Wedgwood Benn and other interested MPs to discuss the suspension of publication of the two papers.

Miners vote out pay campaign

BY CHRISTIAN TYLER, LABOUR EDITOR

MINERS' LEADERS voted narrowly yesterday not to mount a general pay campaign to put pressure on the Government to fund an "acceptable" pay increase this year. They are claiming rises of up to 40 per cent.

Instead, the National Union of Mineworkers will continue talks with the National Coal Board *on increasing the* £52.5m that the Board has said is available for all wage costs for the coming year.

But Mr. Joe Gormley, NUM president said after the national executive meeting the Board's offer was "still completely unacceptable" and was worth about £5 a week on the faceworkers rate.

The Board is believed to have proposed some changes to the bonus scheme, like reducing time allowances, that will be rejected *out* of hand. There is also argument about the Board's plan to raise the faceworkers' bonus target from £23 a week to £26.20, which some NUM leaders say is due anyway.

A Scottish area resolution calling for a coalfields campaign and a special delegate conference was defeated by 13 votes to 11 and a move by Mr. Arthur Scargill, Yorkshire area president, for a pithead ballot did not even get off the ground. The executive eventually plumped for a short resolution from Mr. Len Clarke of Nottinghamshire, saying the offer was not acceptable and negotiations should continue.

Mr. Gormley said: "The feeling was that if we started a campaign early that would be wrong because we are only just starting serious negotiations now. We hope to have something to put to our members in a week or two."

Mr. Mick McGahey, Scottish president and NUM vice-president, said afterwards: "The nation has devised the Plan for Coal. It must will the means for implementing it."

The union *did*, however, move against the closure of Teversal colliery, Notts., where some 2.6m tons of coal *is still lying*. *Following* a recent executive resolution on pit closures, it was decided to let the 33,000-member Notts. area ballot on whether to take industrial action. If the vote is for action, the national executive will consider then whether to authorise local action or conduct a national ballot as suggested by the resolution.

Closure

News of another impending closure came yesterday. The Coal Board wants to shut Hylton colliery in Sunderland, which has lost £3m in the last ten months. The NUM's Northumberland area has asked for a further technical assessment of the reserves still left.

Woodhorn Colliery, in the same area, was the subject of a deputation to Mr. Anthony Wedgwood Benn, Energy Secretary, yesterday.

Mr. McGahey and Mr. Lawrence Daly, general secretary, went to argue against the Board's decision not to invest £500,000 to open a new seam at the pit, where 600 people are employed. The Board sees production there lasting only two more years.

But Thorne colliery, Doncaster, which shut 20 years ago because of flooding, it to be reopened soon, employing 1,400 men. Its output is planned to be 2m tons a year.

NUT retains majority on Burnham committee

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

THE GOVERNMENT yesterday sidestepped claims for basic changes in union representation on the Burnham teachers' pay-negotiating committee, due to start talks on a 35 per cent claim on March 7.

Mrs. Shirley Williams, Secretary for Education and Science, ruled that the National Union of Teachers should retain an absolute majority on the Burnham unions' panel, in spite of the case for a shift in the balance of power put forward by the National Association of Schoolmasters and Union of Women Teachers.

The NUT will keep 16 of the 30 seats on the panel, ensuring one panel member for every 15,375 of the 246,000 in-service teachers whom it claimed to represent at the end of 1977.

Although the number of seats held by the NAS/UWT is being simultaneously doubled to six, it will still have only one panel representative for every 18,500 of its claimed membership of 111,000.

The new panel will also include one representative from the National Association of Teachers in Further and Higher Education, which traditionally supports National Union of Teachers policy.

Four seats will be held by the Assistant Masters and Mistresses' Association, two by the National Association of Head Teachers, and one by the Secondary Heads Association.

Singer strikers reject call to resume work

By Ray Perman, Scottish Correspondent

ASSEMBLY WORKERS at the Singer sewing machine plant, Clydebank, who are on strike, rejected an appeal yesterday by shop stewards for a return to work.

Action by the 400 men, who have been threatened *with* dismissal by the management, has so far led to nearly 1,000 other workers being laid off.

The men walked out a week ago after an announcement by the company that it wanted to cut the amount of overtime work.

Singer has also warned that the strike casts doubt on the £10m investment programme designed to modernise Clydebank and make it competitive with foreign manufacturers.

COMPANY NOTICES

VOTING NOTICE
TO THE HOLDERS OF
EUROPEAN DEPOSITARY RECEIPTS FOR
COMMON STOCK OF

TRIO KENWOOD CORPORATION
(FORMERLY TRIO ELECTRONICS INC.)

DESIGNATED COUPON No. 35

(ACTION REQUIRED ON OR PRIOR TO 12th FEBRUARY, 1979)

Chemical Bank, as Depositary (the "Depositary") under the Deposit Agreement dated as of May 1st, 1970, among Trio Kenwood Corporation, (the "Company"), the Depositary and the holders of European Depositary Receipts (the "Receipts") issued thereunder in respect of shares of Common Stock, par value 50 Yen per share, of the Company (the "Common Stock"), HEREBY GIVES NOTICE that the Custodian under such Deposit Agreement has received notice of a general meeting of stockholders of the Company to be held in Tokyo, Japan, on 16th February, 1979.

The following, taken from the notice of the general meeting to be given by the Company, are the matters to be voted on at such meeting:
(1) Approval of balance sheet as of 20th November, 1978 and profit and loss statement, business report, and disposal profit for the 48th term (21st May 1978 through 20th November, 1978).
(2) Modification of articles of incorporation—Change of financial term (from 21st May, 1979 to 20th May, 1980) and other changes accompanied thereby.
(3) Election of 2 auditors.

Such notice and the report or reports to be delivered in connection therewith, together with English translations of both, will when received be available for inspection at the office of the Depositary in London and the office of any of the following Sub-Depositaries:

SUB-DEPOSITARIES
Chemical Bank,
Frankfurt/Main, Germany.
Banque Internationale a Luxembourg, S.A.,
Luxembourg 8, Luxembourg.
Pierson, Heldring & Pierson,
Amsterdam, The Netherlands.

Voting rights under such Deposit Agreement may be exercised through the Depositary by holders of Coupon No. 35 by completion of the form of the proxy instructions for the matters to be voted on. Such form of proxy instruction is available at the office of the Depositary in London or any Sub-Depositary listed above and provides also for instruction to the Depositary to give a discretionary proxy to a person designated by the Company.

The Depositary will endeavour to vote the Common Stock represented by a Receipt as instructed if such form of proxy instruction, properly completed and accompanied by Coupon No. 35 detached from such Receipt, is received by the Depositary or any such Sub-Depositary on or prior to 12th February, 1979.

In the absence of instructions by holders of Coupon No. 35 the Depositary may, in its discretion, give a discretionary proxy to a person designated by the Company, but no representation is made that it will do so. The Depositary is not permitted by such Deposit Agreement to give a discretionary proxy in the absence of instructions from coupon holders with respect to any proposition, (1) as to which the Depositary has knowledge of any substantial contest as to the action to be taken at the meeting, or (2) for the purpose of authorising a merger, consolidation or any other matter which may affect substantially the rights or privileges of Common Stock or other securities on deposit with the Custodian under such Deposit Agreement.
Dated: 9th February, 1979.

CHEMICAL BANK, as Depositary
180, Strand,
London WC2R 1ET,
England.

20th November, 1978 has been established as the record date for the determination of the Stockholders of the Company entitled to notice of and to vote at such meeting. All Receipts issued in respect of Common Stock not entitled to be voted at such meeting will be without Coupon No. 37 attached.

BANQUE EXTERIEURE D'ALGERIE

US$35,000,000
FLOATING RATE NOTES DUE 1984

In accordance with the provisions of the Reference Agency Agreement between Banque Exterieure d'Algerie and Citibank, N.A., dated as of August 7, 1978, notice is hereby given that the Rate of Interest has been fixed at 11½%, and that the Coupon Amount payable on August 9, 1979 against Coupon No. 2 will be US$59.70 and that such amount has been computed on the actual number of days elapsed (181) divided by 360.

By: CITIBANK, N.A., LONDON
Reference Agent

February 9, 1979

GRESHAM INDUSTRIES LIMITED
(Incorporated in the Republic of South Africa)

NOTICVE TO SHAREHOLDERS
DECLARATION OF INTERIM ORDINARY DIVIDEND No. 40

NOTICE IS HEREBY GIVEN that an interim dividend of 10 (ten) cents per share for the year ending 30th June, 1979, has been declared by the Board of Directors payable on the 18th May, 1979, to ordinary shareholders registered in the books of the Company at the close of business on the 20th April 1979. The dividend is declared in South African currency and dividends payable from the London office will be paid in United Kingdom currency, calculated at the rate of exchange ruling between rand and sterling on the 4th May, 1979.

Dividend cheques despatched from the London office to persons resident in Great Britain or Northern Ireland will be subject to a deduction of United Kingdom income tax at rates to be arrived at after allowing for relief (if any) in respect of South African taxes.

The Company will, where applicable, deduct the non-resident shareholders' tax of 15 per cent from dividends payable.

For the purpose of paying the above dividend the ordinary share register will be closed from the 21st April to 4th May, 1979, both days inclusive.

Dividend cheques will be posted on or after the 18th May, 1979.

By Order of the Board
L. B. MEHL,
Secretary.

Registered and Transfer Office:
220 Commissioner Street,
Johannesburg.

London Transfer Office:
Granby Registration Services,
Granby House,
95 Southwark Street,
London, SE1 0JA.

BARCLAYS BANK LIMITED

NOTICE IS HEREBY GIVEN that the register of holders of Ordinary Stock of the Company will be closed from 16th March, 1979, to 11th April, 1979, both dates inclusive.

D. H. JOHNSON, Secretary.
9th February, 1979.
54, Lombard Street,
London, E.C.3.

Notice to Holders of Bearer Depositary Receipts (BDRs) in Common Stock of
HITACHI LIMITED

We are pleased to confirm that copies of the Consolidated Financial Statements as of the half-year ended September 30, 1978 of Hitachi Limited and Consolidated Subsidiaries are now available to BDR Holders upon application to the following Conversion Agents:

Citibank Branches in:
Amsterdam Frankfurt, Brussels,
Paris Milan

and at
Banque Internationale a Luxembourg S.A.,
Luxembourg.

CITIBANK, N.A.,
London Depositary.

February 9, 1979.

ICOFUND

INTERNATIONAL COMMODITY SHARE FUND
"ICOFUND"
SOCIETE ANONYME
23, Avenue de la Porte Neuve,
Luxembourg.
R.C. Luxembourg B 7942.

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of shareholders of the above-named company will be held at 23, Avenue de la Porte Neuve, Luxembourg, at 3.00 p.m. on 2nd March, 1979 with the following agenda:
(1) Report of the Board of Directors and the Auditors.
(2) Approval of the balance sheet and profit and loss statement.
(3) Decision as to the use of the profits.
(4) Discharge to the Board of Directors and to the Statutory Auditor.
(5) Approval and ratification of an agreement dated 7th February 1979 made between the Company and Energy International N.V. (a corporation organised and existing under the laws of the Netherlands Antilles, having its registered office Handelstade, 24, Willemstade, Curacao) by which:
(a) The company will purchase shares in Energy International NV having an aggregate asset value to the value of the assets to be transferred pursuant to (b) below at a price per share equal to the net asset value of Energy International N.V. calculated in accordance with the provisions of the agreement and at such date as may be agreed by the company and Energy International N.V. and
(b) The Company will transfer to Energy International N.V. all its assets, less an amount sufficient to meet all liabilities of the company.
(6) Dissolution of the company and appointment of a liquidator.
(7) Instructions to the Liquidator to give effect to the above mentioned agreement and to distribute the shares of Energy International N.V. and cash for fractional entitlements to all shareholders of the company.
(8) Suspension of the repurchase of the shares of the company with effect from the last preceding valuation date of the company.

Shareholders are advised that the quorum required at the Extraordinary General Meeting in order for valid decisions to be taken on items 5 and 6 of the Agenda is the holders presence in person or by proxy of at least 50 per cent of the shares of the company issued and outstanding.

In the event that the quorum is not present (or if the Board of Directors decides for other reasons) a second meeting at which there will be no quorum requirement may be convened by further notice. In such event voting on all items of the above agenda will be adjourned to a second meeting.

In accordance with Luxembourg law, resolutions 5 and 6 proposed to at the Extraordinary General Meeting and at any adjournment thereof will require the concurrence of holders of 2/3rds of the total number of shares represented at the meeting.

In order to attend the meeting, the holders of Bearer shares are requested to lodge their shares five days before the meeting with one of the under mentioned financial institutions. The shares will remain on deposit until the day following the date of the General Meeting:
—Banque de Paris et des Pays-Bas pour le Grand-Duche de Luxembourg in Luxembourg.
—Banque de Paris et des Pays-Bas in Paris, Geneva, Brussels, London and Amsterdam.
—Banca Commerciale Italiana: Head Office and Branches.

Shareholders may vote at the meeting by proxy, by completing a form of proxy which will be made available. In order to be valid, all forms of proxy must reach the company at 23, Avenue de la Porte Neuve, Luxembourg, not later than 3.00 p.m. on 1st March, 1979.

Copies of the circular letter to the Shareholders of the company are available on request at the head office of the company, 23, Avenue de la Porte-Neuve, Luxembourg, and at the counters of the undermentioned financial institutions:
—Banque de Paris et des Pays-Bas pour le Grand-Duche de Luxembourg in Luxembourg.
—Banque de Paris et des Pays-Bas in Paris, Geneva, Brussels, London and Amsterdam.
—Banca Commerciale Italiana: Head Office and Branches.

For and on behalf of ICOFUND,
THE BOARD OF DIRECTORS.

ART GALLERIES

AGNEW GALLERY, 43 Old Bond St., W.1. 01-629 6176. 106th ANNUAL WATERCOLOUR EXHIBITION. Until 25 February. Mon.-Fri. 9.30-5.30. Thurs. until 7.

BROWSE & DARBY, 19, Cork St., W.1. Philip Sutton—Recent Paintings.

CRANE KALMAN GALLERY, 178, Brompton Road, S.W.3. 01-584 7566. 20th CENTURY ENGLISH AND EUROPEAN PAINTINGS AND SCULPTURE including works by Dufy, Grosz, Hepworth, Miro, Moore, Nicholson, van Dongen, etc. Until 20 February. Mon.-Fri. 10-6. Sats. 10-4.

FIELDBORNE GALLERIES, 63 Queens Grove, N.W.8. Telephone 01-586 3600. CONTEMPORARY BRITISH ART. Mon.-Fri. 10-6. Sat. 12.30-3 p.m.

FINE ART SOCIETY, 148, New Bond St., W.1. 01-729 5116. BRITISH ARTS 18th 20th Century.

FISCHER FINE ART, 30, King St., St. James's, S.W.1. 01-839 3942. Recent work by two Canadian Realists: D. P. BROWN and JEREMY SMITH. Until 9 March. Mon.-Fri. 10-5.30. Sats. 10-12.30.

MALL GALLERIES, The Mall, S.W.1. Paintings by Sylvia Tempest. Mon.-Fri. 10-5. Sats. 10-1. Until 17 February. Adm. Free.

MARLBOROUGH, 6, Albemarle St., W.1. TOM PHILLIPS Paintings, Watercolours, and Drawings. Mon.-Fri. 10-5.30. Sat. 10-12.30.

PUBLIC NOTICES

CLWYD C.C.

£1m Bills, issued 6th February, due 8th May, 1979, at 12⁹⁄₁₆%. Applications totalled £5m. £3m Bills outstanding.

ST. HELENS BOROUGH COUNCIL

£1.25m Bills, issued 6 February, 1979, due 8 May, 1979, at 12⅝%. Applications £6.25m. Total Bills now outstanding £2.75m.

STOCKPORT MET. B.C.

£1m Bills, issued 7th Feburary, due 9th May, 1979, at 12¼%. Applications totalled £7.5m. £4.4m Bills outstanding.

BOND DRAWINGS

ljubljanska banka

Kuwaiti Dinars 5,000,000
9% Guaranteed Notes due 1981

Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.), Kuwait (Fiscal Agent and Principal Paying Agent) announce that Notes for the principal amount of KD 1,250,000 have been drawn by lot in a manner deemed by Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.) to be appropriate and fair for the redemption instalment due 15th March, 1979.

The numbers of the Notes so drawn are as follows:—

1	3	13	16	20	21	22	24	28	29
30	32	33	34	40	43	44	47	49	54
58	64	69	71	72	75	76	82	85	86
88	96	100	101	102	105	107	111	112	114
117	129	138	143	147	149	152	156	166	173
177	180	193	196	199	200	201	210	216	217
220	221	224	226	231	232	233	239	242	243
244	249	252	254	257	261	262	263	286	287
298	302	322	324	325	331	339	340	349	360
364	365	371	372	373	374	376	381	382	388
400	404	409	414	417	425	426	443	444	446
449	450	451	453	455	457	458	464	466	467
468	471	482	483	484	492	494	495	498	500
502	509	521	522	530	535	536	544	551	558
562	564	566	568	577	578	583	588	589	591
599	606	607	608	611	614	616	617	619	623
624	635	641	643	647	648	650	652	660	663
664	665	666	671	674	675	676	684	689	694
695	697	703	712	713	715	718	719	731	739
752	754	755	758	770	772	778	779	785	792
793	796	798	812	813	816	820	821	829	831
832	848	860	863	864	873	876	900	904	905
906	913	915	919	920	924	925	927	929	931
933	949	951	955	956	959	963	970	972	977
979	980	983	986	989	990	993	994	997	999

On 15th March, 1979 there will become due and payable on each Note drawn for redemption, the principal amount thereof, together with accrued interest to that date at the offices of either:—

Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.),
Omar Bin Al-Khattab Street,
P.O. Box 5665,
Safat,
Kuwait City,
Kuwait.

Kredietbank S.A. Luxembourgeoise,
37 rue Notre-Dame,
P.O. Box 1108,
Luxembourg.

Interest will cease to accrue on the Notes called for redemption on or after 15th March, 1979 and Notes so presented for payment must have attached all coupons maturing after that date.

KD 2,500,000 principal amount of Notes remain outstanding after 15th March, 1979.

Omar Bin Al-Khattab Street,
P.O. Box 5665, Safat, Kuwait City, Kuwait.

9th February, 1979

COMISION FEDERAL DE ELECTRICIDAD C.F.E.
6½% 1966/1986 UA20,000,000 LOAN

On January 29, 1979, Bonds for the amount of UA 1,196,000.— have been drawn in the presence of a Notary Public for redemption on April 1st, 1979.

The Bonds will be reimbursed coupon due October 1st, 1979, and following, attached.

The drawn Debentures are those, NOT YET PREVIOUSLY REDEEMED, included in the range beginning for:

Bonds of nominal UA 1,000:
at 4847 up to 6114 incl.
Bonds of nominal UA 250:
at 21855 up to 23346 incl.
Amount unamortized:
UA 10,753,000.—
Outstanding drawn bonds:
Bonds of UA 1,000
1. 15558, 15670 to 15674 incl., 15722 and 15723, 15739 to 15741 incl., 15757 to 15761 incl., 15791, 15871, 15877, 15910 to 15912 incl., 15923 to 15925 incl.
Bonds of UA 250
19275 to 19277 incl., 19331 to 19350 incl., 19359, 19362, 19381, 19420 to 19423 incl.

Luxembourg,
February 9, 1979.
The Trustee
KREDIETBANK
S.A. Luxembourgeoise

CONTRACTS AND TENDERS

REPUBLIC OF GABON

Office des Postes et Telecommunications

The Board of the OFFICE DES POSTES ET TELECOMMUNICATIONS of the Republic of Gabon wishes to inform firms and companies in Gabon as well as member countries of the European Economic Community that a tender is launched for the supply and installation of an entirely automatic mobile radio-telephone system for public use.

Specifications may be obtained from: La Direction Général de l'Office des Postes et Télécommunications Libreville - GABON -

Tenders should be sent to the above address not later than mid-day 18th April, 1979.

HOLIDAY ACCOMMODATION

ALGARVE, Quinta da Saudade. Villas from £89 pp inc. flight. Restaurant, horses. Linda Johnson, 01-937 8361.

APPOINTMENTS

ALLIED IRISH INVESTMENT BANK LIMITED

INVESTMENT DEPARTMENT

The Investment Department of Ireland's leading merchant bank provides a full investment service for pension funds, charities, corporate bodies and private individuals. We now require additional staff to join our investment team and assist in the further development of our range of services. Suitable applicants will be in their 20s with a degree or professional qualification, and with relevant experience in the field of Investment. Attractive salary and other benefits, including low-interest mortgage and non-contributory pension scheme. Interviews in London and Dublin.

Please send CV to:

Mr. B. K. Cullen, Secretary,
ALLIED IRISH INVESTMENT BANK LIMITED,
5 College Green, Dublin 2.

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Excellent opportunities in expanding West London Travel Service/Tour Operator for:

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OPERATIONS MANAGER
EXPERIENCED COUNTER CLERKS
(with IATA/Package Tour exp.)

Salaries from £4,500-£5,000 depending on experience plus additional perks. Write Box A.6644, Financial Times, 10, Cannon Street, EC4P 4BY, or telephone the M.D. before 9.30 a.m. or after 6.30 p.m. and all weekend on 01-373 5324.

ACCOUNTANT BERMUDA

Ref. No. 39556

Major insurance group requires a qualified chartered accountant for their Bermuda office. Excellent conditions of service. Age group 27/35 years. Salary $18,500.

Please telephone, in confidence
Trevor James
IPS Group
(employment consultants)
Tel. 01-481 8111

CONTAINER LEASING DIRECTOR

International group of companies requires a top leasing executive fully experienced in container leasing, operations to head future developments and plan and co-ordinate future policy. This is a top position and candidates will be reporting only to the main board of directors.

This position offers excellent salary, company car, company pension scheme and fully related bonuses. *Write Box A.6632, Financial Times, 10, Cannon Street, EC4P 4BY.*

Assistant Editor

FOR FURTHER DETAILS
SEE
PROPERTY PAGES

LEGAL NOTICES

No. 00247 of 1979

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of YORKBOND LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 23rd day of January 1979, presented to the said Court by INTERCITY COURIERS LIMITED whose registered office is at 4, Westbury Avenue, London, N.22, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 26th day of February 1979, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

MATTHEW TRACKMAN LIFTON & SPRY,
160, Piccadilly,
London, W1V 0BT.
Ref: KK. Tel: 01-493 9878.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 23rd day of February 1979.

In the HIGH COURT OF JUSTICE (Chancery Division) Companies Court. In the Matters of:

No. 00286 of 1979
IMPERIAL COATINGS LIMITED
No. 00301 of 1979
CIRCLEX LIMITED
No. 00299 of 1979
JOHN D. LILLEY (JEWELLERY) LIMITED
No. 00288 of 1979
WALBROOK CONSULTANTS LIMITED
No. 00290 of 1979
THAKAR SINGH & SON LIMITED
No. 00298 of 1979
GAYVALE LIMITED

and in the Matter of THE COMPANIES ACT, 1948.

NOTICE IS HEREBY GIVEN that Petitions for the winding-up of the above-named Companies by the High Court of Justice were, on the 30th day of January 1979, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39/41 Mark Lane, London, EC3R 7HE, and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 5th day of March 1979, and any creditor or contributory of any of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of any of the said Companies requiring such copy on payment of the regulated charge for the same.

G. F. GLOAK,
King's Beam House,
39/41 Mark Lane,
London, EC3R 7HE.
Solicitor to the Petitioners.

NOTE—Any person who intends to appear on the hearing of any of the said Petitions must serve on, or send by post to, the above-named notice in writing of his intentions so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any), and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than 4 o'clock in the afternoon of the 2nd day of March 1979.

IN THE MATTER OF
D. W. COX (BUILDERS) LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 13th day of March, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned

PHILIP MONJACK, FCA,
of 3/4 Bentinck Street,
London W1A 3BA,

the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 30th day of January, 1979.
PHILIP MONJACK, FCA, Liquidator.

IN THE MATTER OF
G.T. CARS (NORFOLK) LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 15th day of March, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned

KEITH DAVID GOODMAN, FCA
of 3/4 Bentinck Street,
London W1A 3BA

the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 1st day of February 1979.
K. D. GOODMAN, FCA, Liquidator.

IN THE MATTER OF
HYNECASTLE (RENTAL) LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 15th day of March, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned

KEITH DAVID GOODMAN, FCA
of 3/4 Bentinck Street,
London W1A 3BA

the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 1st day of February 1979.
K. D. GOODMAN, FCA, Liquidator.

THE COMPANIES ACTS 1948 TO 1976
BELL STREET BIKES LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of

LEONARD CURTIS & CO.,
situated at
3/4 Bentinck Street,
London W1A 3BA,

on Friday, the 16th day of February, 1979, at 12 o'clock midday, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 30th day of January, 1979.
By Order of the Board.
N. K. MEHTA, Director.

THE COMPANIES ACTS 1948 TO 1976
ROSS & SUGARMAN LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of

LEONARD CURTIS & CO.,
situated at
3/4 Bentinck Street,
London W1A 3BA

on Wednesday, the 14th day of February, 1979, at 12 o'clock midday, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 30th day of January, 1979.
By Order of the Board.
N. LEVENE, Director.

THE COMPANIES ACTS 1948 TO 1976
SAFECHOICE LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of

LEONARD CURTIS & CO.,
situated at
3/4 Bentinck Street,
London, W1A 3BA

on Tuesday, the 27th day of February, 1979, at 2.30 o'clock in the afternoon, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 5th day of February, 1979.
By Order of the Board,
V. NORMAN (Mrs.), Director.

THE COMPANIES ACTS 1948 TO 1976
SENTRYCOM SYSTEMS LIMITED
(formerly Combat Alarms Limited)

NOTICE IS HEREBY GIVEN, pursuant to Section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at 3/4 Bentinck Street, London W1 3BA on Wednesday, the 7th day of March 1979, at 12 o'clock midday, for the purposes mentioned in Sections 294 and 295 of the said Act.

Dated this 2nd day of February, 1979.
By Order of the Board.
T. J. BLISS, Director.

THE COMPANIES ACTS 1948 TO 1976
VERONA FASHIONS LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 293 of the Companies Act, 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of

LEONARD CURTIS & CO.,
3/4 Bentinck Street,
London W1A 3BA

on Tuesday, the 27th day of February 1979, at 12 o'clock midday for the purposes mentioned in Sections 294 and 295 of the said Act.

Dated this 5th day of February, 1979.
By Order of the Board,
V. NORMAN (Mrs.), Director.

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for an outstandingly successful British company manufacturing and marketing a unique range of quality equipment for which there is a rapidly growing world-wide demand. Turnover is around £30 million.

- RESPONSIBILITY is to the Executive Chairman for the general management and further expansion of the business.
- PROVEN entrepreneurial achievement and a record of high profit performance, in charge of a significant manufacturing enterprise, is the prime requirement.
- AGE: under 45. With profit participation remuneration is likely to be between £30,000 and £40,000.

Write in complete confidence
to Sir Harold Atcherley as adviser to the company.

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- PREFERRED age around 40. Terms for discussion. With generous profit participation, the earnings opportunity could be in the region of £30,000.

Write in complete confidence
to K.R.C. Slater as adviser to the company.

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- A QUALIFIED accountant experienced in the legal and financial aspects of contracting is required. Previous Board experience is desirable.
- PREFERRED AGE: 35-45. Salary indicator £14,000.

Write in complete confidence
to D.A.O. Davies as adviser to the company.

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THE PROPERTY MARKET BY MICHAEL CASSELL

Eyes fixed on shy Canadians

AS THE DUTCH property group Wereldhave makes its renewed case for control of English Property Corporation and *explains why it feels able to offer* 9p more the second time around, most eyes remain firmly fixed on Olympia and York Developments, the shy Canadian-based operation which could enter the bidding ring.

Shyness on the part of its joint owners and managers, Albert and Paul Reichman, has not, however, prevented Olympia from becoming what is claimed to be the largest privately-owned property company in Canada, with a fairly substantial presence in the U.S. to back it up.

Olympia has no interests in Europe, and although the acquisition of EPC would certainly change matters in this respect, its main preoccupation is with English Property's involvement on the other side of the Atlantic, in the shape of its Canadian Trizec Corporation associate, which represents about 60 per cent of the group's property assets.

Other parties

But a significant part of EPC's interest in Trizec is controlled by a partly-owned subsidiary and the result is that although the UK company has equity control it has neither voting nor management control. This lies with Carena, a subsidiary of Edper Investments, which is controlled by another of Canada's big property families, the Bronfmans.

Hardly surprising then that "other Canadian parties" are said to be looking at the situation closely and may themselves consider going for EPC in order *to wrest a large chunk of Trizec* from the hands of foreigners or other Canadians.

It will be a few more days yet before Olympia makes any move, even if it is a decision to shy away from what seems to be a *particularly complicated set-up.* Representatives of the company have been doing a quick European tour of the most significant developments and investments and, earlier in the week, Olympia's London merchant bankers, Rothschilds, purchased 3½m ordinary shares to protect its position.

Olympia has assets of well over C$1bn following its acquisition last spring of a portfolio of seven New York properties — once looked at by British Land. It had earlier made an abortive bid for the Sears building on Broadway but pressed on in search of other New York properties because it believed the city was ripe for purchases.

Value disputed

Albert, aged 50, and Paul, 48, set up their property development business in Canada in the early 1950s, having come from Austria in 1938. Their first big development was in Toronto, and they have since put up landmarks like the Bell Canada Centre in Ottawa, the Shell Centre, Calgary and L'Esplanade Laurier in Ottawa. The company is joint owner with the Bank of Montreal of First Canada Place, Toronto, some of which is yet to be completed.

Back on this side of the Atlantic, yesterday's revised offer document from Wereldhave, which is still setting the *pace with its 46p a share bid* and capitalising on Eagle Star's conditional though tacit agreement that such a price is a fair one, devoted much of its attention to the Trizec situation.

It disputes EPC's valuation of its Trizec investment—given a book value of £52m against a total share capital and reserves figure of £71m—and points out that *the £52m book value is* arrived at not only by consolidating Trizec's figures in EPC's accounts, but also by revaluing the associate's assets as far above the values shown in Trizec's own accounts.

EPC, the Dutch claim, has done this without providing for any tax consequences of sales at these revalued levels. Wereldhave *says this must be wrong in* the view of EPC's lack of control over Trizec.

The value of EPC's effective 50 per cent interest in Trizec could, says Wereldhave, be as low as £20m and a more conservative *accounting treatment would see* a very significant reduction in the published net asset value. Over to EPC.

Walker in Mayfair bid

NOT CONTENT with his newly-opened hotel in Cairo, Mr. George Walker, chairman of Brent Walker, the property and leisure group, is planning a big new hotel in the heart of Mayfair.

Speaking at the opening of the Cairo hotel (something of an anti-climax as the Egyptian Minister for Tourism failed to turn up) Mr. Walker said he had made an offer for the Mayfair property—a listed building. It has been accepted and planning application will be submitted in the next week or so.

The project is likely to cost £11m and Mr. Walker claims to have alternative sources of finance, one of which is the Middle East bank, Artoc, which has backed the Cairo scheme and will be involved in Brent Walker's other plans in Egypt.

RANK XEROX says it has not taken any space in Commercial Union's Hagley Road, Birmingham, development, as reported here two weeks ago.

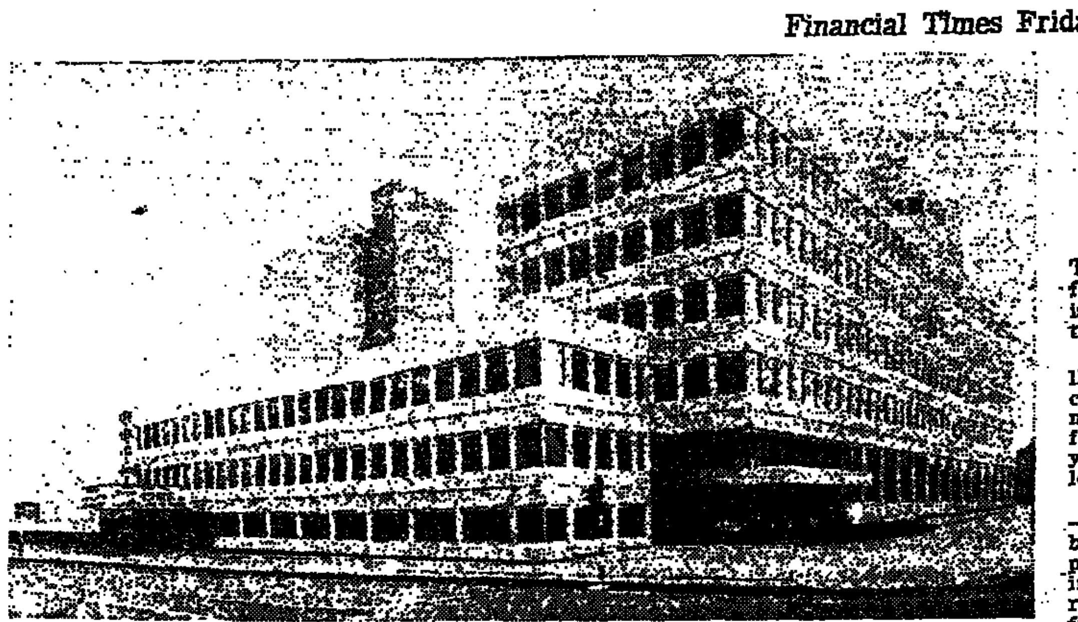
●

THE REMAINING 70 years unexpired lease in 59 Brompton Road, London SW1—one of the properties included in the sale of the Knightsbridge Estate—has been sold to the freeholders, *the BP Pension Fund, for about* £825,000. The head lease was owned by a private client of agents Elliott Son and Boyton, who managed the property. Debenham Tewson and Chinnocks acted for BP.

●

A BIG part of the City's Jubilee Centre, which straddles Upper Thames Street has now been let. One of the City's last remaining office developments of more than 50,000 sq ft, it was originally built *as an office and* hotel complex, but has since been converted into offices, showrooms and self-contained flats. More than 30,000 sq ft have gone to a solicitor and an insurance broker at asking rent of £8.50 *a sq ft and another* 25,000 sq ft have been taken by a fur trading company. Joint agents Sinclair Goldsmith and Michael Saunders say there is 20,000 sq ft left.

Still on a regal note, Cardiff's Jubilee *trading estate has been* sold in two lots to British Steel Corporation and HTV Property for a total sum of about £950,000. Agents: Debenham Tewson and Chinnocks.



Hanover Property Trust has acquired the remainder of the Raglan interest in Jubilee House, Putney, West London. The 100,000 square feet office development is let to the Metropolitan Police on a 75-year lease at £700,000 a year with five-year rent reviews. Hanover, which owned the freehold, had a maximum commitment of £4m until the building had been completed to its satisfaction, against which Raglan had been paying interest during the development period. Hanover is now paying about £4.1m for Raglan's leasehold interest, less a small retention for minor works outstanding, which capitalises the income on a 10 per cent basis. This means that the overall initial yield to Hanover on its £8m investment is over 8.5 per cent. Knight Frank & Rutley advised Hanover and Healey & Baker represented Raglan.

SOLAR LIFE Property Fund *has paid £182,000 for a shop* property in Crewe. Net yield is 5¼ per cent after allowing for 4 per cent for acquisition costs. Agents: Peter Hunter.

●

BIGGIN HILL airport in Kent *is to house a new £2.5m in*dustrial and warehouse complex. Now one of the busiest light aircraft airfields in Europe, the airport is to follow the U.S. trend by incorporating an industrial and trading estate *as part of its facilities.* The complex will be developed jointly by Dimsdale Developments (South East), Lovell Developments and the London Borough of Bromley. The project is being funded by un*named institutional clients* of Healey and Baker, who, with Henry Butcher, have been retained as joint letting agents for the 126,000 sq ft of space available.

●

WHAT IS *claimed* to be England's first purpose-built department store, put up in 1877 in Brixton Road, South London, has been let to property company Ivory Towers on a 33-year lease from the John Lewis Partnership. *The price: over* £150,000 a year exclusive for the 90,000 sq ft, which will house a variety of tenants under licence. Druce and Company were the agents.

Agents and brokers confident

THE SEASON of reviews and forecasts by brokers and agents is in full swing. A few selections from their predictions:

Brokers Vickers da Costa believe the property sector will *continue to be a dominant stock* market performer in the next few years, although after last year's strong showing the outlook for 1979 is not outstanding.

"The next economic upswing —say from the mid-1980s—will be met with a very limited supply of space and the consequent impact on rents in money and real terms should be extremely favourable."

Agents Fletcher King and Megran do not subscribe to the view that the impending age of the microchip is likely to make large London office blocks redundant. Microchip technology *is not, they believe,* an "overnight miracle" but provides an aid to productivity rather than a replacement.

"We do not believe that they will have any greater effect on potential office occupation than *computers. Indeed, our belief is* rather the reverse, that they will be aids that will tend to concentrate more demand for offices in central areas."

Chamberlain and Willows says it is inclined—in relation to *prime industrial property*—to support the optimistic attitude of institutions that have chosen to ignore industry's problems, relying on the prospects of higher rents and future industrial prosperity to offset rising *land and building costs* and to secure profits.

The agents say there has been a healthy increase in demand for well located, quality factories and warehouses.

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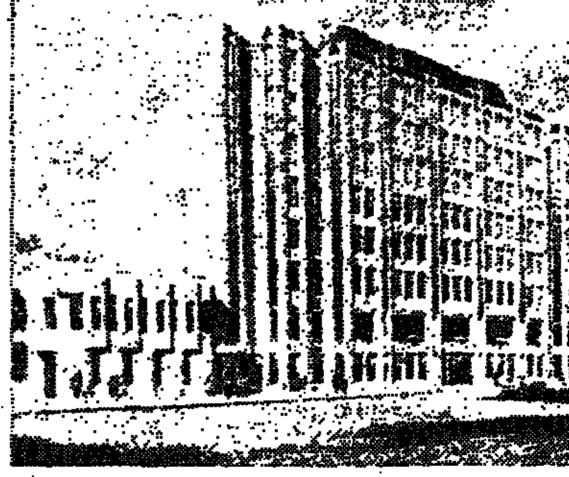

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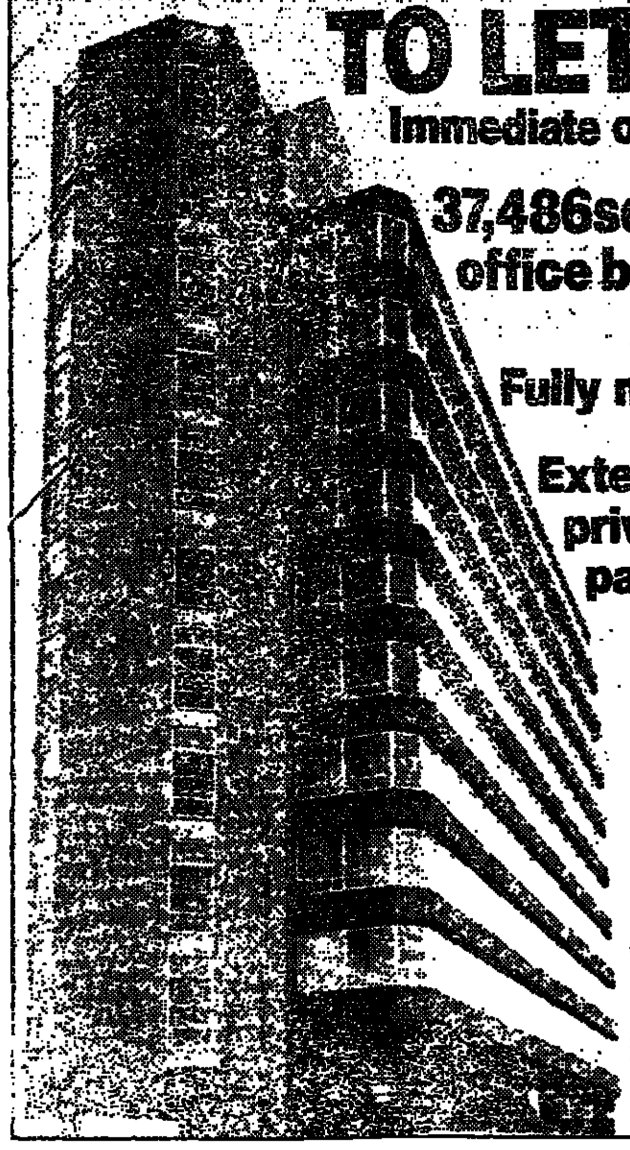

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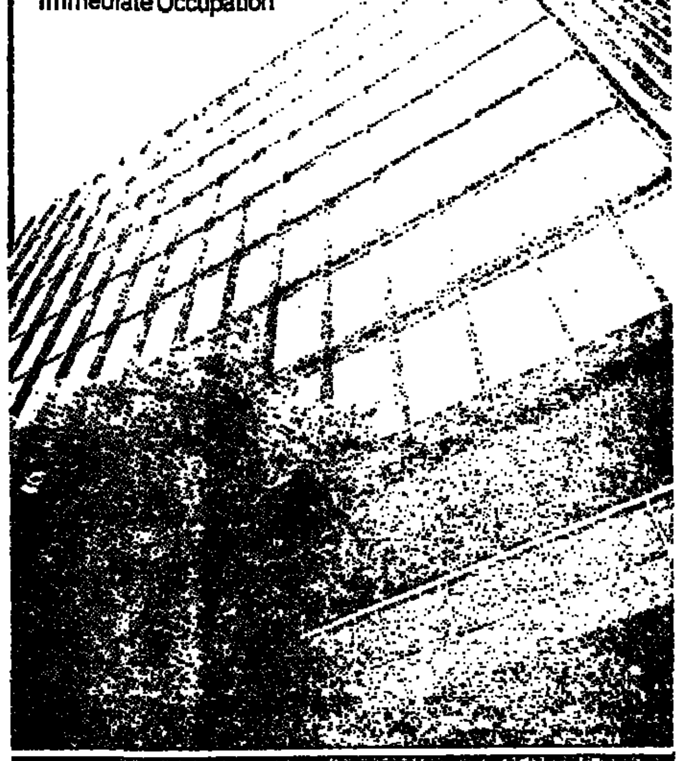

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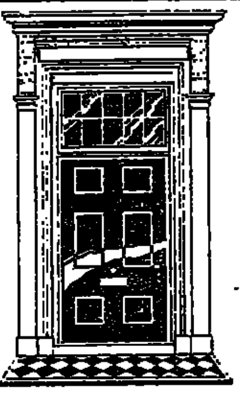

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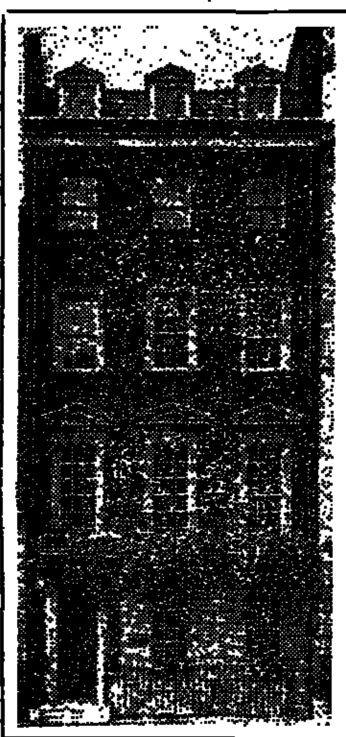

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Kenyons, Lumb Lane, Audenshaw, Manchester M34 5GW. Tel: 061-370 8515
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Industrial Plants Corporation (UK) Ltd., Auctioneers and Valuers of Plant and Machinery, 71a Salisbury Street, Hull, HU5 3DU. Tel: 0482-492872. Telex: 527562. Established U.S.A. 1919.
King & Co., Chartered Surveyors, 1 Snow Hill, London EC1A 2DL. Tel: 01-236 3000 Telex: 885485
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Edward Rushton, Son & Kenyon (Est 1855) Auctioneers, Loss Assessors & Valuers, 10 Carlos Place, Grosvenor Sq., London W1Y 6HA Tel: 01-493 6787 and at Birmingham, Dublin, Manchester, Sydney & Melbourne.
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PROPERTY APPOINTMENTS

THE ROYAL INSTITUTION OF CHARTERED SURVEYORS
is looking for an
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to help in the future development of the RICS Journals under the new Editor-in-Chief, Michael Hanson. The successful candidate will join a team working on the production to two monthly journals and a new quarterly journal to be launched in the spring, with a combined circulation approaching 60,000. A knowledge of the construction industry or the property world is considered essential, and the post would suit a keen young journalist writing for a technical journal in these fields.

Salary scale £4,700-£6,300 p.a. according to ability and experience.

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APPOINTMENTS

Reed consultancy reorganisation

DEVELOPMENT SERVICES, a UK consultancy company in the Reed International group, has been reorganised into two main divisions—one covering process and the other civil works and building.

Each division will have a sales and marketing director to co-ordinate market research, consumer liaison and world-wide development. **Mr. David Butters** has been appointed sales and marketing director, process, and **Mr. John Sanderson Watts** to a similar post with civil works and building.

Mr. John Sanderson Watts developed with his brother, **Mr. Bill Sanderson Watts**, a consulting engineering practice in Liverpool working for clients in the pharmaceuticals, atomic energy, petrochemicals and urban development. Mr. Bill Sanderson Watts has been made director of engineering mainly responsible for the execution of contracts and both brothers remain jointly responsible for the operation of that division, based in Liverpool.

★

Mr. Donald Young, deputy chairman of North Thames Gas since July, 1977, has been appointed director (operations) of the production and supply division, BRITISH GAS headquarters from March 20.

★

Mr. Peter W. Bedford, Mr. Barry J. Blacker, Mr. Roger L. Earl and **Mr. Michael J. Small** have joined FENCHURCH INSURANCE HOLDINGS and have been elected to the Board of that company, which is a wholly-owned subsidiary of the Guinness Peat Group.

★

Mr. A. W. Squibb has been appointed a director of WILLIS FABER AND DUMAS.

★

Mr. G. G. Stockwell, chairman of Iraq Petroleum, has joined the Board of CCP NORTH SEA ASSOCIATES in the non-executive position of chairman. He succeeds *Mr. P. A. V. Cooper*, who has resigned as a director and chairman and becomes president. **Mr. W. G. McPhie**, who retired as financial director of Imperial Group in 1977, has been appointed a non-executive director of CCP North Sea Associates.

★

BAIN DAWES has appointed the following divisional managing directors: **Mr. A. E. Briggs**, North American non-marine; **Mr. T. W. L. Brittan**, overseas non-marine; and **Mr. T. R. Coulder**, UK non-marine. **Mr. R. H. W. Dover** becomes joint managing director with **Mr. B. R. Wakelam** on the marine division.

★

Mr. David Ingham, a deputy chairman of ICI Plastics Division, has been appointed a non-executive director of NEGRETTI AND ZAMBRA.

★

The Secretary for the Environment has appointed **Mr. W. A. D. Windham** to be chairman of SKELMERSDALE NEW TOWN DEVELOPMENT CORPORATION succeeding **Mr. A. J. E. Taylor**, who has retired.

★

Mr. J. N. Blake and **Mr. W. F. Mann** have resigned from the BARROW HEPBURN GROUP following the sale of the chemical division.

★

Mr. Cyril Freedman has been appointed to the Board of PENTOS. He is group chief executive of Pentos Garden and Leisure Products Group.

★

Mr. J. P. O. McCarthy, formerly production director of BLUE CIRCLE AGGREGATES, has been appointed managing director in place of Mr. C. C. Cox, who has retired. The company is a subsidiary of Blue Circle Industries.

★

Mr. Dennis Bexson, formerly a director of Leyland International and director—corporate organisation for BL, has been appointed a partner of the CORPORATE CONSULTING GROUP.

★

Mr. G. B. Tully has been appointed technical director of NEI OVERSEAS. **Mr. A. D. J. Perkins**, at present managing director of the Bushing Company, succeeds Mr. Tully as managing director of NEI Revrolle and a director of NEI Electrical Engineering.

★

Mr. A. J. W. Vine has been appointed managing director of IMPERIAL TOBACCO INTERNATIONAL and continues as chairman of Imperial Tobacco (Imports).

★

Mr. Nigel Brown has been appointed a director of CAMBRIDGE EXECUTIVE SEARCH.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Key role of the line manager

Dennis Bexson, while acknowledging that numerous companies operate excellent systems to appraise performance, argues that important elements of management development are often overlooked

THE IMPORTANCE of an effective management development programme to the success, if not survival, of the company needs little emphasis and is widely acknowledged. Getting top management thoroughly and consistently interested in management development above the day-to-day pressures upon them may often be difficult but the underlying commitment of the chief executive is usually present.

The aims of a management development programme—in terms of providing competent people to meet succession and expansion requirements and of developing individuals to their limits so as to provide earning power and satisfaction—now usually feature, loftily or otherwise, in most statements of corporate personnel policy.

However, two particular elements of the process are all too often neglected. These concern: the development training of line managers and supervisors throughout the organisation in their development role; and the ability of the management development process to identify with accuracy, and to act upon, each individual's development and training needs.

Elements not recognised

There are many major companies which operate excellent performance appraisal and potential reporting systems. But these companies do not necessarily have effective management development, because they have not recognised that the single most important element in the whole process is the role of the line manager—of each employee's supervisor.

Even as top management throughout such firms complete the annual process of performance appraisal and begin to take stock of their inventory of management resources, there is often confusion as to where responsibilities for management development lie, as between line management and the personnel function.

There are two principal levels of responsibility involved in management development: the primary one rests with line management, with each individual's manager and with his management right up the line to the chief executive. The other level of responsibility rests with the personnel function.

Line management's role. An integral part of management's task is the management of people—including organisation, resourcing, development and training—and this line role is only limited by the established policy of the firm. The responsibilities of the line manager include:

Fostering a high level of performance-awareness among subordinate employees, including the provision of assistance to overcome failures;

Encouraging and motivating those employees to develop and realise their true potential;

Actively assisting employees by regular counselling on performance - against - objectives and by making recommendations on individuals training and development;

Identifying promotional and development opportunities and planning the moves and appointments which are necessary to exploit them.

These tasks involve discussion throughout the year between supervisor and supervised wherever opportunity arises on all aspects of performance and potential (including, uncongenial as this may be to many managers, individuals' limitations). The annual process of reporting, form filling and presentation should be regarded merely as a summary, a formalisation, of what goes on throughout the year.

Above all, for management development to be truly effective, in finding and developing talent at all levels and not merely the grooming of one or two directors every couple of years or so, there must exist in the management team the leadership qualities that recognise that primary responsibility for developing people rests with the managers who are responsible for them. The line manager is in a unique position to encourage employee growth: he and he alone can create assignments to reinforce learning and to increase knowledge; only he can encourage participation in training; and nobody else in the firm should be able to assess as well as he can each employee's promotability and potential.

Personnel management's role. The principal personnel task is to promote, throughout the company, the proper attitude to management development and develop the appropriate mechanisms to achieve this. The task includes:

Helping to create an environment in which the importance of individual performance is stressed and maintained,

Promoting attitudes so that individual ability is recognised, and developed and used, to the maximum.

Creating and co-ordinating the procedure that accomplish management development.

Providing line management with aids for management development such as career path models, rotational placement plans and training support.

Ensuring that line management has made provision for future resourcing by thorough succession planning and that weaknesses in succession reserves have been identified early enough for effective corrective action to be planned and taken.

Difference in role

The essential difference between the role of the line manager and that of the personnel function is that the former is concerned with management development on the basis of individuals whereas the personnel manager is also concerned on a total-organisation basis. Only line management can see that each employee is encouraged to perform to the maximum of his ability and that his achievement targets are raised progressively as his ability grows.

It is clearly vital that all managers understand that lack of management resources is not caused by natural scarcity but will have been brought about by poor planning and by lack of attention to their individual management development responsibilities.

Realisation at all levels of the importance of management development as an essential ingredient of the business planning of the firm, and of the techniques involved in developing people, is fundamentally a matter of training—training in what has always been known as leadership.

Many programmes have been developed for leadership training and the essential elements are:

Planning, organising and leading: assigning and structuring work; setting standards of performance; obtaining commitment; recognising motivational needs.

Managing by results: specifying desired outputs; quantifying them in volume, quality, timing and cost; realistic objective setting.

Communicating work information: keeping employees informed; providing the information needed to perform fully; methods of communication; direct and indirect communication.

Delegating responsibility and authority: planning delegation; linking delegation with development; maintaining control.

Appraising performance: monitoring results in relation to objectives; reviewing achievements; setting improvement objectives.

Identifying and realising potential: finding high potential; realising potential; setting development objectives; reinforcing learning.

Counselling and assisting: value of feedback; isolating causes of failure; discussing performance and difficulties; preparing for promotion and career development; encouraging and using self-evaluation.

Career planning: assessing strengths and weaknesses; identifying resource requirements; career paths and development plans.

Training and developing: skills and needs analysis and priorities; specifying on—and off—job training needs; work assignments and coaching; obtaining participation in training; controlling and evaluating training performance.

However refined and advanced its management development policies may be, the company that neglects leadership training does so at its peril.

Meeting the need for future resources—whether for succession, for new business opportunities or for correcting existing management weaknesses—requires a culture throughout the company from supervisor upwards which demonstrates continual development activity by trained and accomplished managers. Given time and good planning, any company can acquire capital, construct facilities, and produce a well-researched and acceptable product. The only major long run advantage that a company can have over its competitors is the sheer excellence of its employees measured by the quality of their contribution to the business.

Opportunities are limitless

Today in industry, more than ever before, there are limitless opportunities for good people provided talent is identified, encouraged and given the means to develop and grow. Only trained line management can do this, however well designed the company's management development procedures may be and however accomplished the personnel manager's co-ordination and presentation of the annual management development review. The personnel department can provide only the policy and procedural base, on which to lay real personnel plans, but it is what every director, manager and supervisor actually does to train and develop people, and not what the company's management development policy may imply that they do, which will determine success or failure in developing the future management resource.

Dennis Bexson is a partner with the Corporate Consulting Group management consultants, which specialises in corporate strategy and management appraisal. He was previously a director of Leyland International and director of organisation at BL.

Sue Cameron talks to a man who has made a most unusual move into a senior position at ICI

See all—but say nowt

DR. BILL DUNCAN, who left Smith Kline and French to become a deputy chairman of Imperial Chemical Industries' pharmaceuticals' division at the beginning of the year, has been modelling himself on the three wise monkeys during his first weeks in his new post.

This policy of see all, hear all and say nowt has been forced on him by his highly unusual change of jobs. Until the end of last year Dr. Duncan was vice-president in charge of research at Smith Kline and French, the U.S.-based pharmaceutical group, and it is rare for a man in this particular field to move to another company at such a senior level. Dr. Duncan says he cannot think of anyone else who has made a similar switch.


Dr. Bill Duncan: encountering a different atmosphere, but similar problems since taking over as a deputy chairman of ICI's pharmaceuticals division.

Precedents

ICI itself admits it is unusual for the group to make such a senior appointment from outside but it stresses that it has "no inflexible rule on these matters." It points out that there are some strong precedents for outside appointments—Sir Paul Chambers, a former ICI chairman, came from the Inland Revenue. The group adds that its aim is always to appoint the best candidate for the job—whether from inside or outside ICI.

The potential dangers of such a move are clear—a research director going from one drug company to another is in a position to confer considerable commercial advantage on his new employers. But Dr. Duncan says ICI was as concerned as Smith Kline and French that there should be no breach of business ethics.

"People are afraid of breaches of confidentiality and those in the pharmaceutical field have to give up their own, immediate research interests as soon as they know they are going to another drug company," he says. "Now that I have moved I have to be careful what I say. What is required is mental discipline. It would be quite unethical to give away another company's secrets.

"At ICI I have been involved in a few conversations that have skated very close to matters at Smith, Kline and French. But the most important thing is a knowledge of the actual chemistry of specific compounds and I don't find it too difficult to avoid talking about that."

Atmosphere

Dr. Duncan says the atmosphere at ICI is different from that at Smith, Kline and French although the problems of research are inevitably similar. The two companies specialise in different types of pharmaceuticals. ICI deals chiefly in the development of heart drugs while Smith, Kline and French is probably best known for its H2 receptor antagonist, branded as Tagamet, on which Dr. Duncan worked while he was there.

Tagamet, the first drug of its kind, is used in the treatment of peptic ulcers. Dr. Duncan claims it has been "the most successful new drug of all time." He says it is highly effective and he points out that it also gained acceptance by national drug regulatory authorities far more quickly than most new medicines.

He is planning to make some changes now that he has taken over the running of ICI's pharmaceutical research. He says most drug research departments strongly reflect the attitudes of their senior managements. Smith, Kline and French reflected his approach but "ICI does not—yet."

Concentrate

Dr. Duncan states that research departments mainly differ in the breadth of their objectives. He himself prefers to concentrate on narrow fields.

ICI's research department employs over 700 chemists which means it is more than twice the size of the Smith, Kline and French UK research operation. But although there are considerable differences between the two companies it is unlikely that Dr. Duncan will experience any difficulty in adjusting to ICI. For he is no stranger to the group.

He originally joined ICI in 1956 and stayed there for eight years with only one brief break when he went to the National Institute of Health at Bethesda in the U.S. He became head of ICI's pharmacology department in 1962 and then went to Smith, Kline and French in 1964, becoming its research vice-president in 1974.

Dr. Duncan says he had "14 good years" at Smith, Kline and French but at the end of that time he felt "ready for a move." He had a number of job offers but most of them would have meant moving to the U.S. which he did not want to do.

"I wanted to stay in the UK and I liked the idea of moving to a British company," he says, adding in a deadpan Scots way: "It's hard to explain why I wanted to stay in the UK. I can only say that I know of no other country in the world that can offer such beautiful weather, so many little industrial difficulties and such high taxation."

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● HEATING

Boilers from Norway

NORWAY'S Kvaerner engineering group is putting on the market a new type of boiler, the Kvaerner-Ostbo, which is claimed to incorporate the first significant developments in boiler design since 1896.

Designed by Swedish engineer Nils Ostbo and extensively tested by a projects group at Stockholm's Royal Technical University, it will be produced in two versions—a small model (up to 25 kW) for home heating, and a large one (7 MW) for industrial purposes.

Two contracts for the industrial model are expected to be signed shortly, and Foster Wheeler is considering making the boiler under licence in Britain.

Initially the industrial model will be produced by Kvaerner Brug in Oslo, and by a Swedish firm, Grundbergs Mek Verkstad, in Trollhatten, Sweden. Grundbergs has already built a 7 MW Kvaerner-Ostbo for a district heating plant in Helsingborg, Sweden.

The home heating model will be made by Thune-Eureka, a Kvaerner subsidiary, at its plant in Lier, near Oslo.

Advantages claimed for the Kvaerner-Ostbo boiler are fuel economy and cleaner emissions, as a result of virtually complete combustion of the oil burned, and lower operating costs through simplified maintenance and automatic regulation of the combustion process.

Burning of the fuel oil takes place in two stages and both incoming air and water are preheated by combustion gases. Air feed is tightly controlled and the gases released are exceptionally free of major pollutants. Their content in the exhaust gas is as much as 80 per cent below the amount allowed by Norway's current strict regulations.

The Stockholm Technical University tests showed that a Kvaerner-Ostbo industrial boiler producing 15 tonnes of steam per hour would be 92 per cent efficient, compared with about 86 per cent for a conventional boiler with similar output.

This means—assuming six months per year full operation—that fuel costs (oil-fired) for the Kvaerner-Ostbo would be about £25,000 per year less than for the conventional type.

The boilers can be adapted, at low cost, to burn solid fuel, wood shavings, sawdust and similar, instead of oil.

The new product is an indirect result of the world shipbuilding slump. Kvaerner became interested in Ostbo's design ideas in 1975, following the steep fall in demand for ships' boilers after the 1973-74 oil crisis.

Further from Kvaerner Industrier, Post box 3610 GB, Oslo 1, Norway.

FAY GJESTER

● RESEARCH

Reducing aerial heights

AN INTERESTING development has been made at the Royal Military College of Science where it has been found that, for aerial length reduction at hf and vhf a thin cladding of ferrite can be as effective as the customary thicker coating of pure dielectric material.

The work could be important because, when dielectric cladding is used the thickness needed to achieve a given proportional reduction in aerial length increases with decreasing frequency until, at under 100 MHz, the cladding becomes impractically bulky.

To achieve the same result the ferrite cladding, which could be a coating formed in situ, or from sliding beads on the conductor, can be much thinner. Maximum reduction of length is made by making the central conductor as thin as possible in relation to the cladding.

A useful side effect is that aerials thus constructed tend to have a higher impedence, easing the problems that frequently occur when matching to the associated receiver or transmitter.

With the range of ferrites that are available and the lack of low loss types at high frequencies, the upper working limit is about 100 MHz; the lower limit is about 5 MHz, determined by bulk of the ferrite cladding needed.

The work at the College has had the backing of the National Research and Development Corporation and manufacturers who might be interested in making such aerials should contact Jim Strutt at 66 Victoria Street, London SW1 6SL (01-828 3400).

Although the major applications are expected to be in monopole whip aerials, the technique may prove useful in other arrangements such as dipoles, Yagi arrays and wire grid wideband structures, possibly with different ferrites on different elements.

● ELECTRONICS

Automated circuit production

ITT SEMICONDUCTORS, which recently became the corporation's world centre for memory devices and announced it was to spend £10m at the Foots Cray, Kent, plant over the next three years (with a 25 per cent contribution from the Government), has now indicated how some of the money will be spent.

The recomposed management team under Dr. Gerry Thomas is convinced that the maximum use of automated production equipment "of the right choice" is the only way to the minimised costs and sound products that will keep such work *in the UK rather than the Far East.*

Some remarkable machinery, developed by the sister ITT company in Freiburg for chip mounting and wire bonding, is now being installed in the considerable empty space recently created by the removal of older lines.

One of these machines can take a four-inch silicon wafer, precision sawn but unseparated, pick up only the good chips with a tiny pneumatic arm (ignoring the tester-marked bad ones) and glue them on to lead frames which are passing by from a bandolier.

Previously the operation consisted of manually taking each chip and mounting it on a lead frame. The new machine does the job at about one chip per second with precision application of minute amounts of conductive epoxy.

Chopped-up lengths of the bandolier containing eight chips in their frames are next fed to a unit which welds each of the hair-fine connection wires from chip to frame at the rate of about two welds per second, or *about one device every 10 to* 15 seconds. No operator action is needed to make the welds.

Footscray will have its own variety of 64k RAM in production "later this year," with 300 chips on a 4 inch wafer, yielding the somewhat astonishing total of 45m transistors. ITT has followed its own design philosophy with this component which means that it will probably be at the "starting gate" with the other makers in world markets; previously it has taken a second source approach.

ITT freely admits that it is not yet a leader in the memory market, but claims that within a year or two it will be among the top three or four.

Consequently, a large proportion of the future investment will be in equipment for the production of high density MOS circuits with gate lengths down to two microns. It will go into completely new fabrication areas and will include high energy ion implanters, projection aligners, and advanced plasma etchers. Some of these items will cost about £½m each. Mask-making will be carried out *using electron beam techniques,* but equipment in Germany will be used.

Production world-wide of the 64k RAM is expected by ITT to be in "low millions" next year, and the company aims to have a 10 per cent share of the market.

Employment, however, is not expected to rise much beyond the present 880 people even though output will rise significantly beyond the 150,000 4k and 16k memories currently in production each week.

GEOFFREY CHARLISH

● INSTRUMENTS

Fast check on voice channels

DEVELOPED BY Hewlett-Packard at South Queensferry, Scotland, is an instrument to check multiplexed telephone equipment in a few minutes.

This integrated test system has taken more than five years to develop and represents a new concept in automated measurement of voice channel apparatus. Comparable in size with a laboratory 'scope, the new primary multiplex analyser (HP 3779) is able to replace two large racks of test equipment and to sequence through an exhaustive series of tests, calculate and display the results automatically.

As well as characterising the analogue-to-analogue performance of pulse code modulated channel banks, separate tests of analogue-to-digital and digital-to-analogue performance can be made. And additionally, the analyser can be used to check-out frequency division multiplexed terminals and time division multiplexed switching equipment.

Standard measurement masks are stored in read-only memory and facilities are provided to allow an operator to store his own masks in non-volatile memory. Operational variables, such as measurement limits, frequencies, etc. are entered via a keyboard orientated towards voice channel users.

Over 40 different measurements from gain, through intelligible crosstalk to local alarms can be assembled into a test sequence defined by the user. Results are presented on the instrument's display in easy to read tabular form. This information is made available for external use through a digital interface to drive printers and voice channel selectors.

Further from Hewlett-Packard, King Street Lane, Winnersh, Wokingham, Berkshire RG11 5AR. (Wokingham 784774.)

● PRINTING

Tough litho plates

MAKING THEIR debut at the Northprint '79 exhibition at Harrogate (March 20-23) are both negative and positive presensitised aluminium-based litho printing plates from 3M, Bracknell (0344 26726), aimed at the medium and long run markets.

The positive plate, called Tartan QRL, is capable of consistently producing runs up to 200,000, depending on Press and plate room variability. With baking this can be increased two or three times.

Advantages claimed include a wide latitude on both exposure and development, the latter taking about one minute. The image is visible after exposure and after development. Resolution is 1,200 lines/inch, dot retention is down to 200 line screen and the dot range is three to 97 per cent. According to 3M the grained surface of the plate enables the printer to achieve a "perfect" water balance.

The new negative plate is called Tartan 50 and is intended for runs up to 50,000.

Field tests of the positive plate have been carried out at Bi-Print in London, where a 160,000 run on a single colour machine was trouble free.

● HANDLING

Protects the edges

MANY TYPES of goods stored and transported on pallets need protection from damage. Sometimes it is only necessary to protect the edges and corners of the goods.

For this purpose, Lawco, 60 Vauxhall Road, Liverpool, L69 3AU (051 227 1212), is offering angled plastics protectors called Edgeguards. Made from recycled material they prevent strapping from cutting into or marking the goods and also stop sharp edges from cutting into the strapping.

● COMPONENTS

Fuse link usage report

IN IEC publication 282-1A recommendations are made that three basic types of fuse link be utilised for both international and national markets—a first move towards rationalising the many different types used throughout the world and arriving at a standard.

Internationally, standards for current-limiting fuses are not only numerous but also extremely varied, particularly with regard to dimensions. Manufacturers using standards issued by their national bodies face both technical and economic difficulties when marketing their product in other countries.

The IEC (International Electrotechnical Commission) says that considerable research has gone into the types in use, ignoring non-official standard practices.

The report costs S.Frs. 10 and is available from the Commission at 1 Rue de Varembe, 1211 Geneva 20, Switzerland.

● DATA PROCESSING

Computer politics

SINCE senior British ministers announced that they had discovered microelectronics, a new factor has been injected into the process of forecasting the future of data processing in Britain.

It is timely, therefore, that Infotech is planning a three-day conference on "Politics and Computing," to take place in London from March 28 to 30.

Protection and national support will be one of the thornier topics. And who better to speak on it than Reay Atkinson, who, while he was at the Government's Central Computing Agency, was in the thick of the problems such protection policies create for those who have to buy computers for use in Departments.

Peter Walker, MP, will give his audience an insight into how politicians themselves view computers and the data processing revolution.

There will be sessions on modernisation in Europe, the challenge from Japan and demands from the Third World. Handling the discussion on employment in the "information economy" will be Mike Cooley of Lucas Aerospace who is also chairman of AUEW (TASS) for UK sites, which should guarantee a lively exchange of views from opposite poles.

More from Infotech International, Nicholson House, Maidenhead, Berks SL6 1LD. Maidenhead 35031.

● MATERIALS

Seals the oven door

HIGH temperature resistant (250 degrees C continuous) circular sealing material made from silicone elastomer coated glass fibre with an internal stainless steel wire reinforcement is the latest product to be offered by Marling Insulations of Tean, Stoke-on-Trent ST10 4EA (058-85 2265).

Apart from many industrial applications, the material can be used for such domestic appliances as ovens for which it can be used in place of asbestos rope and braid and other types of seal.

Marling says the material, called Marseal 903, is available in four nominal sizes—6.5, 8, 10 and 11mm external diameter. It adds that the material has been subjected in oven door sealing tests to 40,000 opening and closing operations without appreciable loss of resiliency. This is reckoned to be equivalent to about 15 years of operation with seven opening and closing operations per day.

● PACKAGING

Prints on two sides

RIBBON LABELS appear to be popularly used for tagging those net bags in which are packed fruit and vegetables. The label carries the price of the product, and often has additional messages like its country of origin.

Now comes a machine which makes more economical use of the reinforced laminated paper ribbon employed—messages can be printed on both sides.

Another benefit of this system is that it provides the consumer with a strong carrying handle, previously unobtainable on this type of pack says BIF British Industrial Fastenings, BIF House, Gatehouse Road, Aylesbury, Bucks. HP19 3DS (0296 81341).

● SERVICES

Operations extended

MAIN PURPOSE of the decision by Morgan Grenfell to move to a large dual ICL 2960 computer array is to expand the sophisticated financial modelling services it is providing to clients.

Cost to the bank is around £1½m and it is planned to replace two existing machines now supporting the customer service as well as the bank's own internal operations. These are a 1902T and 1903A with 60m character disc stores. They will ultimately be superseded by a 3 Mbyte 2960 with eight 100 Mbyte disc stores in which all key elements are duplicated and made switchable to safeguard essential on-line services.

Because of ICL's delay problems on some of the operating routines for its new generation of big machines, the bank made a particularly exhaustive study of its new move. But ICL showed that existing work would run unchanged on the new machines so that the data processing department would be able to concentrate on development work to support the extension of the important on-line financial modelling service that is being planned.

Other manufacturers' equipment, including minicomputers, came under consideration during the bank's study. However, consultants John Hoskyns and Co., confirmed the suitability of the big 2960s for the work Morgan Grenfell is doing or planning.

Further from ICL, ICL House, Putney, London SW15. 01-788 7272.

LOMBARD

We need debate, not dispute

BY DAVID FISHLOCK

WHEN Mr. Anthony Wedgwood Benn sacked his chief scientific adviser 18 months ago there was some worry in the energy industries that the Secretary of State for Energy would replace the *sensible if sometimes crisply* phrased counsel of Dr. Walter Marshall with advice more in tune with his well-known sympathies for coalminers, environmentalists, and other under-*privileged groups. They need* not have worried.

Mr. Wedgwood Benn recruited Sir Hermann Bondi, the cosmologist who for six years had been chief scientific adviser to the Ministry of Defence. Sir Hermann brought with him experience of the biggest single sector of Government spending on science; about £1bn this year, these days largely orientated towards the management of high-technology projects.

Uncertainty

He knows just how long it can take and how difficult it can be to translate scientific ideas into systems that really work. He also brought intimate experience *of nuclear weapons, an industry* which for security reasons shuns the advice of such influential nuclear policy-makers as the Energy Secretary. And Sir Hermann brought a brand of advice as blunt as that of his predecessor, often spiced with a wit uniquely his own.

"I very much belong to the anti-hair-shirt school," he told an energy technology conference in London last week. But his job, he said, was not to tell people whether they were right or wrong in opposing nuclear projects, new coalmines, offshore oil activities, overhead power lines, etc. His job—part of it, anyway—was to evaluate for his Secretary of State the consequences of different decisions: cost, environmental consequences and—"most difficult of all"—the risks. The difficulty here was that public understanding of statistics was so poor—"how poor is illustrated by the fact that almost every newspaper finds it worth publishing an astrology column."

But when he tried to peer into the future, he found it clouded *by uncertainty—about demand*, resources, costs. And one of the biggest uncertainties lay in the aim of the less privileged parts of the world to become richer. That, he said, must imply a major increase in world energy usage—"massive if there is to be economic advance, of that I have no doubt."

Here at least we can be certain of two things, believes Sir Hermann. If their progress is *poor* it will not be a very happy world. And if their progress is good, the energy supply situation, will become more difficult for the richer parts of the world, especially for rich countries *poor in energy resources*.

How then should Britain prepare for the unpredictability of energy supplies and costs in the future? Not by thinking that conservation might in-*sulate against the uncertainties*. True enough, no policy for energy that didn't aim to make *sensible* use of energy would suffice. We were still so accustomed to energy being *absurdly cheap, he said*, that little money or management time was being channelled into energy saving.

But we were already reaping the advantage of major trends in energy saving. One example, arrived at "almost fortuitously," was micro-miniature electronics — "chips" — undertaken primarily to save space and improve reliability but which turned out to consume almost no energy. However, energy conservation, he warned, was not a route to be pursued regardless of other consequences. It raised its own resource problems—cash was certainly one.

His own recipe for meeting the uncertainties of the future is simply to open as many options as Britain can afford. He counsels against blind enthusiasm for any single solution.

Commonsense

The nuclear industry is now confidently expecting a replay of much of the evidence of Wind-*scale's opponents at the Vale of* Belvoir inquiry, starting in April, into the National Coal Board's plans to open a big new coalmine in the Midlands. Even after five years of supercharged dispute over energy policy in Britain there is still plenty of room for more of the blunt commonsense of Sir Hermann Bondi. Let us hear it from the *leaders of individual energy in*dustries, from other industrialists and senior civil servants, above all from politicians who for too long have dithered on the sidelines of this debate.

Goings-on to astound the Regent

BY JOHN GRIFFITHS

AROUND BRITAIN

BRIGHTON

IT IS hardly surprising that Mr. Dick Hodges, chairman of the Brighton Marina Company, and his fellow directors feel like a corporate Moses.

Fifteen years, two town referendums, two planning inquiries and two enabling Acts of Parliament after the idea for the marina at Prinny's old watering hole was first mooted, the sea has now been rolled back on one side and a tide of environmentalists and other opposition on the other.

But the company and its institutional backers are still not home and dry.

Construction of the marina began in earnest in 1971 amid a chorus of protests which was to last for several years. One school of critics claimed it would lead to ecological disaster; another claimed it would lead to the end of the royal spa town as we know it; others saw a white elephant; a few had less charitable visions *of triangular fins circling off the* Black Rock cliffs. What they suggested, was to prevent the company at a time of rapidly rising property prices building the proposed 1,450 presumably *highly profitable flats contained* in the marina plan, then conveniently running out of funds before the marina itself and other leisure facilities of benefit to the town could be completed?

*On the last point in particu*lar, the opposition has proved well wide of the mark.

When the Queen arrives formally to open the marina on May 31 it will be just that—a two-thirds of a mile long, half-mile wide harbour for 2,200 boats from 6 to 30 metres in length. All ancillary facilities are installed, from boatyard to plug-in points for each boat providing telephone, electricity and water. The yacht club, a converted Isle of Wight ferry, is operating with bar and restaurant facilities. Chandlery and other shore services are housed in a 100-yard-long temporary structure which also contains the company's administrative offices.

The breakwater arms—com-*prising 110 caissons each the* height of a four-storey building and weighing 625 tons—enclose a total area of 126 acres, making the marina Europe's largest. The arms themselves have been designed to withstand hurricane force winds and waves of 60 feet. Within them, 1,400 craft can berth safely in the outer harbour, another 800 or so in an inner basin reached via a 350-feet-long system of locks some 30 feet wide.

But there is no sign of the flats—the number of which in 1974 was cut from 1,450 to 850 —the proposed *hotel and leisure* facilities. There is only the 80-metre wide spine of made-up land running the length of the marina a few hundred yards offshore and on which the bulk of the flats and facilities will now be built instead of, as originally proposed, on the shoreline.

Beneath this spine—or "the *strand," as the company now* prefers to call it—all the drainage and services for the land development have been installed. Discussions continue on the form in which they might *finally take*. But until the ratio between construction and financing costs, and potential selling price, improves, a start on their construction is unlikely. "I'm more optimistic about them now than I was a year ago but, quite frankly, we cannot say when they might be started," Mr. Hodges said last week.

Originally, the marina was to *be completed as one project, in which the land-based develop*ments could be expected to provide the lion's share of investors' return on capital. "But costs escalated to the point where we had to say we must cut back to the *basic harbour* as one phase—and then treat the rest as a separate development where each part would have to prove its own viability," Mr. Hodges says.

NatWest, EMI, Royal Insurance, Electricity Supply Nominees—the Electricity Council's superannuation fund—and Mr. Hodges' Westmoreland Properties have between them financed more than 80 per cent of the project so far. It has cost between £40m and £50m against the £13m estimated at the start of the 1970s. At current prices it is calculated that completion in full could cost double this amount. Some critics have questioned whether superannuation funds should be involved at all in such a pro-*ject, but the marina's backers* are undeterred. While the exact degree of further financial support would depend on each individual proposal, one source within Electricity Supply Nominees said last week: "Come hell or high water, we're sticking with the project."

The marina has throughout been staunchly supported by Brighton Corporation, which brought forward by 10 years part of an orbital road system to provide access to the marina. The company, which holds a 125-year lease from the Corporation on the seabed on which the marina is built, has contributed £350,000 to the £2m cost. In return, the Corporation stands to gain 30 per cent of any profits above a 12 per cent return on capital after 11 years. When fully developed the marina should also be a substantial ratepayer. The Corporation's chief executive, Mr. Reg Morgan, sees the marina as eventually making "a tremendous contribution" to Brighton's prosperity. Opponents of the marina, by delaying it without halting it and thus forcing up costs, "have achieved the opposite of what they wanted," he asserts.

The marina is starting to fill up and the company is already exploiting a number of other ways of maximising revenue apart from mooring charges. Ranging from £300-plus a year for a 6 metre boat to £1,700-plus for one of 30 metres, these should be bringing in £2m a year by 1980. Mr. Hodges expects all the moorings to be let by the end of 1979 (600 have been taken already).

Another major income is expected to be provided by day visitors. Some *200,000* people paid 30p each to visit the marina between last July and October—even in its unfinished state. This year, the company believes that far more of Brighton's expected 6m-7m day visitors will pay 50p to visit the marina.

This expectation is based on a number of factors: the publicity boost from the opening by the Queen, the staging of a major boat show in the spring; a planned race for Americas Cup-class yachts later in the year and—a development of potentially great significance for Brighton as a whole—the start, in April, of a cross-Channel hydrofoil service between the marina and Dieppe. The service is to be run by a London-based private company, Jet Link Ferries, which is renting the site for its terminal and from which the marina company will also receive a percentage of fares.

Another potential earner was discovered by accident: someone opened a manhole in one of the half-hollow caissons to find shellfish and other fish thriving in the darkness. As a result the company and the Ministry of Agriculture have started a joint study into the commercial viability of farming a variety of seafood from oysters to flat fish.

Snowtown Boy could be hard to beat in Newbury hurdle

RACING

BY DOMINIC WIGAN

CAPTAIN FLAK, Norfolk *Dance, Snowtown Boy* and Chokwaro feature in this afternoon's Stroud Green Hurdle at Newbury and punters are in for a difficult time sorting out the form.

Despite Shokwaro's strong claims, I intend opposing the Northern raider and opting instead for Miss Auriol Sinclair's course-and-distance winner, Snowtown Boy.

This Town Crier gelding's victory in the £3,000 Challow Hurdle at the last meeting here *was no fluke*. Driven into the lead on the run-in, the grey Lewes four-year-old produced a useful turn of foot to collar and pass Norfolk Arrow. That was a smart initial effort and I believe any improvement will see the grey difficult to contain.

Another tricky event is the Cricklade Hurdle, in which a chance can be given to most of the runners. Here the three who interest me most are Water Colour, Pardon and Oranmore.

Water Colour, a good-looking son of French Beige and the 1978 Great Metropolitan winner, has proved himself one of the country's better-staying hurdlers.

Although better suited to longer runs than today's half-mile shorter one, Water Colour —probably a fair way short of peak fitness on his seasonal debut at Nottingham on December 16—seems sure to give a good account of himself.

Pardon, eight pounds beneath Water Colour, gained just one success from seven appearances *last season*. However, he has been more than paying his way this term with his third success in four outings in the valuable Ramsbury Hurdle on December 29.

In his only race since, Pardon faded two flights from home in Kempton's three-mile Woking Hurdle. Although that was disappointing on paper, I have little doubt that his poor showing was due to the distance—the three miles was almost *certainly beyond him and* I anticipate a far better display today.

Oranmore, a smart performer in the 1976-77 campaign, but a disappointment last term, has made just one appearance this season. A month ago at Wincanton he ran respectably for a long way over a distance short of his best in the two-mile *Jamboree Hurdle* and today I shall take a chance on Oranmore pulling off a surprise win.

NEWBURY

1.30—Dramatist
2.00—Border Fort*
2.30—Harry Hotspur
3.00—Snowtown Boy**
3.30—Village Thief
4.00—Oranmore***
4.30—Blue Braes

TV/Radio

† Indicates programme in black and white

BBC 1

9.30 am For Schools, Colleges. 10.45 You and Me. 11.05 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Trumpton. 2.02 For Schools, Colleges. 3.00 Teliffant. 3.30 The Sky At Night. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Hong Kong Phooey. 4.30 Jackanory *Writing Competition*. 4.45 Wildtrack. 5.10 Grange Hill. 5.35 Noah and Nelly.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
7.00 Tom and Jerry.
7.10 Wonder Woman.
8.00 The Superstars.
9.00 News.
9.25 Petrocelli.
10.15 Up, Up and Away (London and South-East only).
10.45 Regional and National News.
†10.50 The Late Film: "The Loudest Whisper," starring Audrey Hepburn.

All Regions as BBC-1 except at the following times:—

Scotland—5.55-6.20 pm Report*ing Scotland. 10.15 Spectrum:* The Donegals (film from the London Film Festival). 10.45-10.50 Regional, National News.

Wales—1.45—2.00 pm Sioncyn Sponcyn. 5.55-6.20 Wales Today. *7.00 Heddiw.* 7.30-8.00 *King of* Instruments. 9.25 Referendum Debate: Which Way for Wales? 10.15 Petrocelli. 11.05 Kane on Friday. 11.35 Regional News. †11.36-1.20 am The Late Film: "The Loudest Whisper."

Northern Ireland — 10.23-10.43 am For Schools (Ulster in Focus). 3.53-3.55 Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Countrywide. 10.45-10.50 Regional, National News.

England — 5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); *Midlands Today* (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) Time Slip; Midlands (Birmingham) Midlands Tonight; North (Leeds) Men on Women on Men; North East (Newcastle) Axe at Vickers; and North West (Manchester) Unlucky for Some; South (Southampton) All Together Now; South West (Plymouth) Peninsula; West (Bristol) It's In The Blood.

BBC 2

11.00 am Play School.
4.45 Darts: Embassy World Championship.
5.35 pm News on 2 Headlines.
5.40 Horizon.
7.10 Rebecca.
8.00 Mid-Evening News.
8.10 Design by Five.
8.35 Westminster.
9.00 Pot Black 79.
9.25 International Pro-Celebrity Golf.
10.15 *Darts:* Embassy World Professional Championship.
11.05 Late News.
11.20 Felini's "Roma".

LONDON

9.30 am Schools Programmes. 11.54 Beany and Cecil Cartoon. 12.00 A Handful of Songs. 12.10 pm Stepping Stones. 12.30 The Cedar Tree. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Sounds of Britain. 2.00 After Noon Plus. 3.20 You're Only Young Twice. 3.50 The Sullivans. 4.15 The Ghosts of Motley Hall. 4.45 Magpie. 5.15 Thames Sport.

5.45 News.
6.00 Thames at 6.
6.30 Emmerdale Farm.
7.00 The Muppet Show.
7.30 Sale of the Century.
8.00 Flambards.
9.00 Vegas.
10.00 News.
10.30 Police 5.
10.40 Soap.
11.10 The London Programme: "London's Traffic Problem."
12.10 am George Hamilton IV.
12.40 Close: Xanthi Gardner reads from The Prophet by Khalil Gibran.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 2.25 Friday Matinee—"Brenda Starr." 5.15 Sam. 6.00 About Anglia. 9.00 Miss Anglia '79. 10.30 Probe. 11.00 Friday Late Film—"The Running Man." 12.45 am Men Who Matter.

ATV

1.20 pm ATV Newsdesk. 3.20 The Family. 5.15 Happy Days. 6.00 ATV Today. 10.30 Mary Hartman, Mary Hartman. 11.00 "Dracula."

BORDER

†1.20 pm Border News. 2.25 Matinee: "Dr Cyclops." 5.15 Garnock Way. 6.00 Lookaround Friday. 6.30 Welcome to the Ceilidh. 10.30 Wintersport. †11.00 Late Film: "Grip of the Strangler" starring Boris Karloff. 12.25 am Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 2.25 The Friday Matinee: "I Love You Goodbye." 5.15 Emmerdale Farm. 6.00 Report at Six. 6.35 The Stationary Ark. 9.00 Action Adventure: "The Night of the Generals." 10.28 Channel Late News. 10.32 Action Adventure: "The Night of the Generals" (cont.). 12.10 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 5.15 Emmerdale Farm. 6.00 Grampian Today. 6.35 Sportscall. 7.30 Andy's Party. 10.30 Reflections. 10.35 Points North. 11.35 Streets of San Francisco. 12.25 am Grampian Late News Headlines, followed by Road and Ski Report.

GRANADA

1.20 pm This Is Your Right. 2.25 Friday Matinee: "Let's Switch." 5.15 Mr. and Mrs. 6.00 Granada Reports. 6.30 Kick Off. 10.30 The Friday Film: "The Corrupt Ones." 12.15 am Shed Tears for the River.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.25 The Family. 5.15 Laverne and Shirley. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 10.35 Report Extra. 11.05 The Late Film: "It Couldn't Happen to a Nicer Guy."

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.15-4.45 Plant y Byd. 6.00-6.15 Y Dydd. 10.35 Snooker Special. 11.05 The Welsh Assembly. 11.35-12.30 am Rush.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News and Road and Weather. 5.15 Mr. and Mrs. 6.00 Scotland Today. 6.30 Emmerdale Farm. 7.30 Christian. 10.30 Ways and Means. 11.00 Late Call. 11.05 Appointment with Fear—"The Dead Don't Die."

SOUTHERN

1.20 pm Southern News. 2.25 Friday Matinee: "The Man Without a Country." 5.15 Happy Days. 6.00 Day by Day. 6.20 Scene South East (South *East Area Only*). 6.30 Out of Town. 10.30 Weekend. 10.35 Southern Report. 11.05 Southern News Extra. 11.15 Soap. 11.45 The Late, Late Show: "The Projectionist."

TYNE TEES

9.25 am The Good Word, followed by *North East* News Headlines. 1.20 pm North East News and Lookaround. 2.25 Friday Film Matinee—"The Stranger Who Looks Like Me." 5.15 Mr. and Mrs. 6.00 Northern Life. 6.25 Sportstime. 10.30 The Friday Night Film, "Scream and Scream Again," starring Vincent Price and Christopher Lee. *12.20 am Epilogue.*

ULSTER

1.20 pm Lunchtime. 2.25 Friday Matinee: "The Angel Who Pawned Her Harp." 4.13 Ulster News Headlines. 5.15 Mr. and Mrs. 6.00 Good Evening Ulster. 6.30 Sportscast. 10.30 Danger *in Paradise*. 11.30 *Bedtime.*

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.25 The Family Matinee: "I Love You, Goodbye." 5.15 Emmerdale Farm. 6.00 Westward Diary. 6.35 Time Out. 9.00 *Action Adventure: "The Night Of The* Generals, starring Peter O'Toole. 10.28 Westward Late News. 10.30 Action Adventure: "The Night Of The Generals" (contd.). 12.10 am Faith For Life. 12.15 West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 2.25 Friday Film Matinee: McMillan. 5.15 Bailey's Bird. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Calendar Sport. 9.00 The Sweeney. †10.30 Appointment With Fear: "The Mad Room." 12.10 am Andy.

Radio Wavelengths

1 1053kHz/285m 1089kHz/275m
2 693kHz/433m 909kHz/330m & 88-91vhf stereo
3 1215kHz/247m & 90-92.5vhf stereo
4 200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡Medium wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 6.31 Roundtable. 8.00 Andy Peebles. 9.50 Newsbeat. 10.00 The Friday Rock Show (S). 12.00-5.00 am: As *Radio 2*.

RADIO 2

5.00 am News Summary. 5.02 David Allan (S). 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.30 David Hamilton (S). 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S). 6.45 Sports Desk. 7.02 Sam Dance at the Radio 2 Ballroom (S). 8.02 John Fox conducts the BBC Radio Orchestra (S). 3.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.02 Treble Chance. 10.30 Fiesta de Donta, with Stella and Bamboos. 11.02 Brian Matthew introduces Round Midnight including 12.00 News. 2.02-5.00 am You and the Night and the Music with Tim Gudgin (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 *Overture* (S). *8.00 News*. *8.05 Morning Concert* (S). 9.00 News. 9.05 This Week's Composer: Boyce (S). 9.35 Young Artists Recital (S). 10.25 BBC Northern Ireland Orchestra (S). 11.10 French Violin and Piano Music (S). 12.15 pm Midday Concert, part 1 (S). 1.00 News. 1.05 Playbill (S). 1.20 Midday Concert, part 2 (S). 2.10 Schubert chamber music concert (S). 3.00 The Beecham Legacy. 4.00 Geoffrey Bush (S). 4.45 The Young Idea (S). 5.45 Homeward Bound (S). 6.30 News. †6.35 At Home. Bruno Walter and Myra Hess play Brahms. 7.30 Penderecki: "Paradise Lost." Sacra rappresentazione part 1 (S). 9.05 Interval Reading. 9.15 "Paradise Lost" part 2. 10.45 Music Now. 11.30 Claudio Arrau piano recital (S). 11.55-12.00 News. VHF—6.35-7.30 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today. Magazine including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 *News headlines*. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Baker's Dozen. 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 Down Your Way Down Under visits Sydney. 11.40 Announcements. 11.45 Listen with Mother. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (S). 12.55 Weather; programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Afternoon Theatre (S). 4.00 News. 4.05 On The Grapevine. 4.35 Story Time. 5.00 PM. News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week from BBC radio and television (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter From America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Week Ending (S). 10.55 Fritz on Friday. 11.00 A Book at Bedtime. 11.15 Today in Parliament. 11.45 Just Before Midnight. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush *Hour*. 9.00 *London Live*. 11.40 *Lobby*. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 London Sports Desk. 6.35 Good Fishing. 7.00 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Track Record. 10.00 Late Night London. From 12.00—As Radio 2.

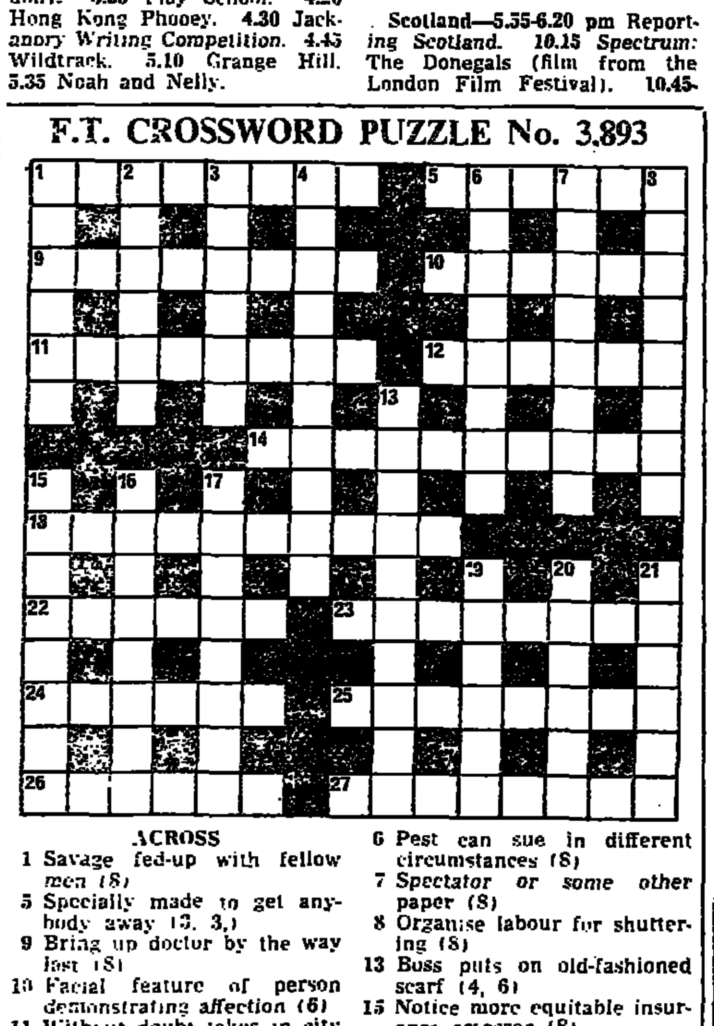
London Broadcasting

5.00 am Morning Music. 6.00 AM: News, Sport etc. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale. 4.00 LBC Reports (continued). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Mike Smith (S). 12.00 Dave Cash (S). 3.00 pm Peter Young (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line. 9.00 Nicky Horne's Mummy's Weekly (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Ian Davidson's London Link International (S).

F.T. CROSSWORD PUZZLE No. 3,893



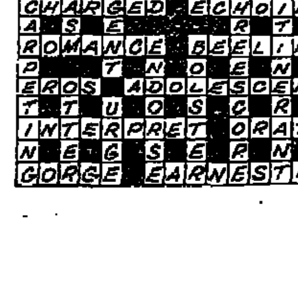
ACROSS

1 Savage fed-up with fellow *men* (8)
5 Specially made to get anybody away (3, 3,)
9 Bring up doctor by the way last (8)
10 Facial feature of person demonstrating *affection* (6)
11 Without doubt takes in city district safely (8)
12 Beastly litter seen a long way off on line (6)
14 Keep away from guide net (5, 5)
18 Fairly attractive girl with low IQ (4, 6)
22 More perfect state (6)
23 Provide time for the Coach and Horses (8)
24 Giant embracing one painter (6)
25 He's never been man of the match (8)
26 It's seldom seen for artist to right it before end of day (6)
27 Hooligan pays rent abroad (8)

DOWN

1 Soft touch troubles old Bob (6)
2 Shade of morning is extracted from 6 (6)
3 Shut up—yours truly is taking Frenchman on river (6)
4 Forgiveness for a second-rate answer (10)
6 Pest can sue in different circumstances (8)
7 *Spectator or some other* paper (8)
8 Organise labour for shuttering (8)
13 Boss puts on old-fashioned scarf (4, 6)
15 Notice more equitable insurance assessor (8)
16 Merchant going by motorway upset over beer (8)
17 New Year Honour is given to worker for being deferential (8)
19 Strike takes female to this place (6)
20 Uncultivated French leader given permit (6)
21 Flutter fish give away (6)

SOLUTION TO PUZZLE NO. 3,892



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THE ARTS

Leonard Burt

Vaudeville

Aspects of Max Wall

by MICHAEL COVENEY

The renaissance of the incomparable Max began just over four years ago, and this is the fourth time I have seen his show. It remains a treasure trove of the comedian's art, a unique and delightful experience in the company of our greatest vaudevillian, who is now to our stage what Bert Lahr was to Broadway in his latter years. After the cod balletic entrance: the cough, the freeze and the throwaway, "I *must* get a room tonight."

"You mustn't worry if I go off at a tangent," he confides, jabbing an elbow at the stalls and waiting for the laugh: "Just think of me as a script by Samuel Beckett." If you really want to know what Brecht meant by the alienation effect—or even if you don't—here is its most glorious practical demonstration. Wall presents his material with a reluctant shrug and stands back from it to take the consequences. As he says, after some excruciating remark about a record of his that never sold because they forgot to put a hole in the middle, "how desperate can a comedian get?"

He staves off dismay by being so distraught. "Some of my stuff's very subtle. I don't understand half of it myself." The eyes roll, the teeth move around the lips, the hands stay stiffly in their pockets. As Professor Wallofski, he still has a go at Rakhmaninov's Prelude in C sharp minor before launching into Liszt's Hungarian Rhapsody No. 2, "if you'll pardon the expression." It is not just a question of meeting up again with an old friend; here is a chance to be reborn in the theatre in the company of a most precious and individual craftsman.

Wigmore Hall

Manning/Bennett

by MAX LOPPERT

The recital that Jane Manning and Richard Rodney Bennett gave on Wednesday was of 20th century English song. It began with Britten (*On this island*) and ended with Walton (the three Edith Sitwell songs), thus marking off a level of authority and expertise not quite reached by some of the other composers in a worthy and well-performed programme. Ten songs of Peter Warlock were, for at least one member of the audience, about six too many; John McCabe's *Requiem Sequence*, receiving its first performance, made an impression of prosy, colourless competence at length; and in *Colla voce*, an earnestly Berio-ish piece for solo voice by the New Zealand born, London resident Barry Anderson, the sense of *dejà entendu* was strong.

But there was also Elizabeth Maconchy's *Sun, Moon and Stars*, a short cycle of four songs for soprano and piano on poems and meditations of Traherne. The vocal writing arches out more bravely, more expansively, than is sometimes the case in the work of a composer noted for her fastidious restraint; it achieves an atmosphere of metaphysical rapture that does honour to the composer's poetic instinct. And *Ia Orana, Gauguin*—words and music both by John Casken—revealed itself as an evocative and striking piece, tinted with South Seas exoticism in its detail (the piano part, with its tremolos, demisemiquaver flourishes, and abrupt pauses, is distinctive without eccentricity), and at the same time passionate in its emotional expression.

All the music was undertaken by the soprano with that combination of unflappably secure musicianship and winning presence that makes her such an admirable performer. (Not all the singing was perhaps as pure as the best of those softly floated high notes, but it was always confident.) Mr. Bennett, though in Warlock's "Consider" his fingers proved a trifle sticky for its fast-flowing figuration, was likewise a spirited and characterful pianist. His rhythm in Walton's "Old Sir Faulk" was infected with a wit that comes the song's way too rarely.

Cinema

The dark side of L.A. by NIGEL ANDREWS

Remember My Name (AA) Screen on the Hill
Mon Oncle (U) Scala
The Amazing Captain Nemo (U) Leicester Square from February 15th
The First Time (X) Gala Royal

Los Angeles has found its definite film-maker in Alan Rudolph. Better than any of his contemporaries, Rudolph has captured the mysterious essence of that sun-cocooned corner of America where East Coast adrenalin is shaken off in favour of a dreamy serenity. Or at least an appearance of it. Rudolph's last film *Welcome to L.A.*, seen a year ago in London, presented the sweet-smelling bouquet of Los Angeles life but also suggested there might be green-fly attacking the blooms.

The green-fly are out in force in his new film *Remember My Name*: a sexual melodrama in which the camouflage of L.A. languor conceals some fairly primal emotions. The story is redolent of a 1940s *film noir*, trading in archetypal jealousies and passions. But Rudolph slows and refracts the narrative, presenting its tragicomic excesses through the prismatic glass of his vision of Los Angeles.

Geraldine Chaplin, a scarecrow sylph in shirt and jeans, plays a young woman newly released from prison who homes in, for reasons initially obscure, on a middle-income house in leafy L.A. suburbia. Here she takes to watching the male occupier (Anthony Perkins) and occasionally perpetrating petty acts of annoyance like uprooting the flowers, breaking his windows or scaring his wife. She also follows Perkins to the construction site where he works during the day, and to the bars he haunts in the evening.

The reason is in time made clear. She used to be his wife and has come to claim vengeance for—or at least a humbling recognition of—his desertion of her. The quiet mania of her delayed-action retribution sets the tone and tempo for the whole film. The plotline harks back to all those "A-Woman-Scorned" Hollywood melodramas in which Barbara Stanwyck or Joan Crawford strode across the screen with squared shoulders and inexorable eyebrows. But the treatment is quite different: times have changed and so have movie heroines. Miss Chaplin is a cinematic Medea for the 1970s; gawky, oddball, in manner simultaneously mad and matter-of-fact.

Rudolph gives the scenes between her and Anthony Perkins—grey-haired, but as lanky and nervy as in *Psycho*—a spring-heeled tragicomic tension more vibrant and precise than anything in *Welcome to L.A.* There have been few better reworkings of classic Hollywood forms than this Woman's Melodrama for the 1970s; and as a protege of Robert Altman (who has produced both his feature films), Rudolph's work is beginning to suggest that the pupil is overtaking the master.

Good timing may be a vital component of good comedy, but it is no guarantee of it. The return of Jacques Tati's *Mon Oncle*, made in 1956 and now revived at the Scala cinema, confirms what I have felt about Tati ever since—but not including—*M. Hulot's Holiday*: that his timing is far better than his material. The comic build-ups in this film are exquisitely paced and choreographed, but they keep building up to . . . nothing. Instead of the slow crescendo of comic incompetence Tati achieved in *M. Hulot's Holiday*, *Mon Oncle* potters from one genteel misfire of a gag to another.

Yet genius won't quite lie down. The film's story of a French couple whose delusions of surburban grandeur—they live in a Modernist-Chic house complete with sparse and hideous furniture, electronic gadgets and a mosaic-like garden—are constantly sabotaged by the visits of the wife's down-at-heel brother (Tati) has glorious possibilities and never quite sinks into mediocrity.

One reason is that Tati himself is on hand: that balloon-coated figure with bird-like legs, quizzical pipe and a permanent lean to windward. Another is that if the comic climaxes disappoint, the digressions and the marginalia do not. Tati's powers of comic conjuring are a delight: in one night-time scene two circular lighted windows, in which two moving heads are silhouetted, become a pair of giant eyes with roving pupils. And Tati can make comic capital from a casual aside like the scene in which the couple's sartorially *outré* female neighbour appears at their gate, wearing a rain-bow-hued and voluminous poncho, and is shooed rudely away being mistaken for a carpet-seller.

If only the set pieces—a disintegrating garden party, a runaway hose in a factory—matched the incidental gags. But Tati's native delicacy seems to fight shy of overt slapstick, and in the big scenes an air of apology tends to hang over the comedy, stifling laughter at the instant that it tries to rise up.

★

So you thought that Captain Nemo of the *Nautilus* was dead? Quite wrong: he has merely been in a trance for the last hundred years aboard his submarine. And now, thanks to two intrepid U.S. navy frogmen (played by Tom Hallick and Burr DeBenning), he has been woken to spearhead the adventures in *The Amazing Captain Nemo*.

Apart from minor changes in how he looks and sounds—he used, if you recall, to resemble James Mason, he now sports the bloodhound features and echo-chamber growl of Jose Ferrer—he comports himself with much the same unstoppable underwater brio. Signed up by the American navy, he here conducts a watery campaign to stop mad professor Burgess Meredith, operating from a rival submarine, from blowing up Washington DC. On hand to help and/or hinder him are Mel Ferrer (treacherous physicist), Lynda Day George (loyal physicist) and Horst Buchholz, *fetchingly dressed in red toga* and sandals as the King of Atlantis. In films like this, follies come not single spies but in battalions: but if you can weather the initial assault of inanities you will probably survive, and even enjoy, the rest.

★

Claude Berri's *The First Time* is another French testimony to the indefatigable dual obsession that country has with sex and exams. Purportedly autobiographical, the film recounts the pre- and post-initiation adventures of a 17-year-old boy whose mind is wholly given over to thoughts of sex, despite the attempts of his father to concentrate it on exams. Since the father is played by Charles Denner, that gravel-voiced and Gothic-featured perennial of French cinema, a touch of class is lent the film which it sorely needs. Elsewhere story, direction and acting coast along on the well-oiled stereotypes of the sexual *bildungsroman*: and one has only to see this film in close proximity to *Mon Oncle* to realise that genius gone wrong is still a more stirring experience than banality gone right.

Geraldine Chaplin and Anthony Perkins in 'Remember my Name'

Open Space

Brimstone and Treacle by B. A. YOUNG

Dennis Potter's play has altered a bit since I saw it in the *Crucible Studio* at Sheffield last year. Martin, the young man who bluffs his way into the Bates household intent on a little burglary and accidentally cures their "vegetable" daughter by raping her, was outwardly an ordinary suburban young man in Sheffield, even if he did smell a little of sulphur and provoke angry thunder-claps when he addressed the Almighty in prayer. As Richard O'Callaghan plays him in this production under Robert Chetwyn's direction, he is clearly not quite human from the moment of his arrival.

The Bates family is pretty average material. Mr. Bates is a *solid petit bourgeois citizen*, inclining towards the National Front in theory but not when the logical end of their policies is pointed out to him. (Mr. Potter has put in too much about this; no doubt in the process of turning his unbroadcast television script into a two-hour play. It has little to do with anything else that goes on.) Mrs. Bates is a simple, decent housewife. The only exceptional thing about their home is that their daughter Pattie has been hit by a car and remained helpless ever since, lying in bed in their sitting room, moaning and incontinent.

Martin's original object in embarking on his course of flattery and subservience is to lift any handy property; Pattie, as he tells her, is a bonus. He has an odd way of copulating with all his clothes on, but the sensation gets through to Pattie. At the climax of their second session, she regains her facilities with a shriek that brings Mother and Father down from their beds.

Mr. Potter, being a Christian, can't accept that Martin's evil may bring good. Pattie's first memory after recalling the accident is that her father was having it off with her girl-friend Susan. I thought this a melodramatic conclusion, even if it does round off the author's drift.

He is less consistent elsewhere. If Martin is really a devil (*though not, I think, the Devil*)—and this is what Mr. O'Callaghan's splendid, half-artificial performance suggests—then a speech like the soliloquy about looking for jewels is out of character. Mr. O'Callaghan is best when he is parahuman, darting his conspiratorial glances at the house, relishing the exaggerated dialogue ("This is precisely my requirement") that Mr. Potter has given him when he feels like it.

George Cole's impatient bad temper as Mr. Bates, a man drained of all good-humour by his misfortune, is truthful and sad; and Margery Mason, though she has nothing to play but stereotype, does it movingly. As Pattie, Lynsey Baxter looks wonderfully attractive as she lies in bed moaning.

Leonard Burt

Margery Mason, Richard O'Callaghan and Lynsey Baxter

Festival Hall

Sanderling

Kurt Sanderling gave very urbane accounts with the BBC Symphony Orchestra on Wednesday evening of two—in their own different ways—very turbulent symphonies. Hardly a breath of *stürmisch* wind ruffled the smooth surface of the outer movements of Hydn's G minor Symphony No. 39: the beat was sure; every gesture in place. The music moved with easy elegance: there was intellectual tension only, and formal clarity, to the delivery of the opening allegro—but little of lyrical and dramatic force.

One may ideally prefer a higher temperature throughout the course of Mahler's ninth symphony than Sanderling, even at the most anguished climaxes, ever achieved: more fever to the diction, more fire to the punctuation. But there are as many readings of Mahlerian language as there are conductors: and there were pleasures to be had all the same from Sanderling's broad and cultivated, and above all lucid, interpretation.

It was an unyielding, uncompromising view: perhaps the austerity of the Haydn symphony could now be seen as part of the same, larger plan. The focus became ever closer, and the grip firmer, as the symphony unfolded. The very lack of rhetoric, and "interpretative" inflexion, missed in the first movement, surprising in the second, created its own momentum: an exciting rondo, brilliantly coloured, all hysteria grimly suppressed, every dynamic shift tautly controlled; and the adagio finale, very slow and grand, darkly glittering—here more than merely the climax of the symphony, but its very heart, all passion spent.

DOMINIC GILL

Premieres at RFH

There will be four British premieres at the Festival Hall in London next month, thanks to a special subsidy from the Arts Council. On March 9 the Philharmonic Orchestra and Chorus will perform Cristobal Halffters cantata "Yes speak out yes," a work written in 1968 to celebrate the twentieth anniversary of the Universal Declaration of Human Rights.

On March 16 Peter Maxwell-Davies' "Dances from Salome" the music for the ballet first performed in Copenhagen last autumn, receives its UK premiere at the hands of the LSO, conducted by David Atherton, and on March 23 Sinopoli's "Requiem Hashshirim" is to be given by the John Alldis Choir. The world premiere of John Tavener's "The Immurement of Antigone" takes place on March 30. It will be played by the RPO, which commissioned the work with funds made available by the Arts Council.

Benson and Hedges award panel

The panel of judges for this year's Benson and Hedges Gold Award, the final stages of which will be held at Snape Maltings from September 29 to October 6, has been announced. As last year the chairman will be Sir Peter Pears who will be joined by three newcomers to the competition, Gerhard Hüsch, Alice Tully and Ré Koster.

The remaining members of the panel, who have served in previous years, include Hugues Cuenod, the Swiss tenor, Nina Dorliak, the Russian lyric soprano and the English mezzo-soprano, Nancy Evans.

Scottish Ballet to stage rock adventure

A triple bill *Underground Rumours*, described as a rock adventure, opens Scottish Ballet's 10th anniversary year at the Theatre Royal, Glasgow on March 7.

Ian Anderson of Jethro Tull and brother of Scottish Ballet administrator Robin Anderson has provided the music for *The Water's Edge*, Jon Anderson of Yes has written the music for *Ursprung*, and *Such Sweet Thunder* invokes Duke Ellington's Shakespearean cameos.

Scottish Ballet has created this programme to appeal to young audiences, and is hoping it will build up a new generation of ballet-goers.

The Glasgow season continues with performances of *Napoli*, premiered in the autumn, and the company's individual and widely acclaimed views of *Giselle* and *Tales of Hoffman*.

After the Glasgow season the company transfers to the King's Theatre, Edinburgh for two weeks from April 3. Guest artists for both seasons will be Gyula Harangozo of Hungarian National Ballet and David Ashmole of Sadler's Wells Royal Ballet.

On April 17 Scottish Ballet starts a three week tour of England with *Napoli* and *Underground Rumours* at the Royal Court, Liverpool, The Coventry Theatre, and New Theatre, Hull.

Highlights later in the year include a visit to the Perth Festival of the Arts and a week of performances at Bournemouth's first Festival of Dance. From Jul y31 to August 11 the company will revive *La Sylphide* at the King's Theatre, Edinburgh, for a Bournonville Centenary season.

Scottish Ballet comes to London for the first time since 1976 from August 21 to September 1, presenting *Tales of Hoffmann*, *Napoli* and *La Sylphide/Vespri* at Sadler's Wells Theatre.

The anniversary year ends with a new production of *Cinderella* choreographed by Scottish Ballet artistic director Peter Darrell, which will have its premiere in Aberdeen on December 7.

All-day jazz events for Midlands

American trumpeter Chet Baker, British trumpeter Kenny Baker, American saxist Bud Freeman and British saxist Barbara Thompson are just four of the big names going to the Midlands in March as part of two special events being presented by the newly established Midlands branch of the Jazz Centre Society.

The events, which take the form of two all-day *Jazz Sundays*, will take place at Nottingham Playhouse on March 18, and at the Birmingham Rep on March 25. They mark the opening of an ambitious phase of developments in the region, and echo the Jazz Centre Society's conviction that the Midlands has much to offer the developing national jazz scene.

Fuller details from Paul Kelly, JCS, c/o Birmingham Arts Laboratory, Holt Street, Birmingham B7 4BA.

FINANCIAL TIMES

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Friday February 9 1979

Just the bare minimum

THE BANK of England's essentially passive move on minimum lending rate, which simply brings the official rate into line with the market, has made it possible to resume some official sales of Government stock; but there is nothing to suggest that it marks the turning point which is needed if monetary growth is to be controlled.

Parallels

It is only too easy to draw parallels with funding crises of past years, when Government reluctance to act firmly enough on interest rates led to temporary loss of control, and the necessity for disruptive measures later. Any system of monetary control which depends on the sale of fixed-interest stock is prone to such crises, as we have repeatedly argued before. However, the technical problems are on this occasion only of minor importance. The underlying crisis at present is not essentially financial, and it certainly cannot be met by purely financial manoeuvres. Monetary control is essential, but it cannot be achieved by purely monetary means.

Heavy burden

There are two reasons for this. First, interest rates are in real terms much higher than they have been in previous crises. Assuming any success at all for an anti-inflation programme, the cost of credit is already at a level which argues against even short-term investment; and servicing long-term Government stocks at such rates is a heavy burden for future taxpayers. To push rates up still further would do real damage to an economy which is already weakened by industrial strife.

Further, it is not certain that such a move would actually achieve monetary control. In the present crisis, unlike previous ones, sterling has remained quite strong, thanks largely to the rising production of North Sea oil, whose value has been enhanced by the events in Iran. Indeed, the latest reserve figures show that funds have been flowing in: high interest rates would help to attract further flows.

It follows, therefore that, in order both to avoid further damage to the productive economy and to achieve effective control, the problem must be tackled from the fiscal rather than from the monetary end. Here again there has been no lack of resolute statements; the Chancellor has repeatedly restated his commitment to hold public sector borrowing within the limits already stated. As with his monetary commitments, these statements will not carry much conviction until it is known by what means the aim is to be achieved.

Some influential voices in the City are already calling for an immediate fiscal package to consolidate the situation. The Treasury argues quite reasonably that it is difficult to devise convincing measures to meet an unknown future. The likely movement of public sector costs and real incomes should be much clearer by April.

No excuse

However, the fact that it is too early to produce cut-and-dried measures is no excuse for simply dithering. The broad outlines of what will be needed in April are already perfectly clear: public sector borrowing will have to be cut sharply in real terms if the Chancellor's monetary commitments are to be met. A still sharper cut would be needed to achieve what the economy really needs—a reduction in the monetary burden of public borrowing.

If this is not to mean tax increases on a scale which would be almost as damaging as still higher interest rates, spending will have to make its contribution. Indeed, this was already clear last month, when the spending White Paper appeared. Yet Ministers have yet to concede how unreal that White Paper had become while it was still in the printing works. The Prime Minister's admission at Question Time yesterday that spending might have to be cut if wages continued to rise was a glimpse of reality.

Credible cuts

The truth is that the need for such cuts is not conditional on anything. It has been clear throughout 1978, when excessive borrowing and interest rates hampered recovery before there was any talk of a wage explosion. There is little enough time between now and the Budget to plan such cuts. A firm statement that a review of spending is now being put in hand would promise realistic and credible cuts, and do more to help monetary control than any technical manoeuvres in the markets.

A return to Camp David

THE UNITED STATES yesterday proposed to Egypt and Israel that they should get together again at Camp David later this month. President Sadat has already accepted. Israel's approval is expected over the weekend. President Carter may be able to reproduce the atmosphere of good will which surroundel last September's meeting, but the prospects of a breakthrough do not look immediately promising.

That meeting unexpectedly produced two framework agreements. One dealt with the Middle East generally. The second, and this is what the U.S. is hoping will end in a peace treaty at Camp David, concerned Egyptian-Israeli relations. Since then there has been a depressing round of negotiations, which have shown few signs of breaking the diplomatic deadlock—even though both Egypt and Israel are apparently still keen to conclude a treaty.

Interpretation

The lack of success of Mr. Alfred Atherton, the U.S. special envoy to the area, in his last round of negotiations can be attributed to three main factors. The first stems from the interpretation of the framework agreements. Egypt has been trying to establish a defined link between the two, which would bind Israel, after signing the bilateral treaty, to go straight on to negotiations over the West Bank. At the same time, there have been problems over the question whether the Egyptian-Israeli treaty would take precedence over Egypt's defence commitments to Arab countries.

Israel objects to this interpretation as it opposes any steps which could lead to the formation of a Palestinian state. It also fears that the way might be opened to Egypt reneging on the bilateral treaty.

The second difficulty arises from inter-Arab relations in particular the emergence to the east of Israel of a remarkable alliance between Iraq and Syria, after many years of hostility. Thirdly, there has been the isolated position of Egypt in the Arab world. Mr. Sadat and his officials remain committed to obtaining a deal on the West Bank which would eventually lead to Palestinian autonomy. At the same time, Egypt remains nervous of suffering damaging economic sanctions from such aid givers as Saudi Arabia, if it concluded a bilateral treaty which other Arab states regarded as a total sell-out.

Israel still appears not to be over concerned at the lack of diplomatic progress. It is true that in Paris, Mr. Moshe Dayan, the Foreign Minister, said that "time is working against the Israel-Egyptian peace agreement." But he claimed that the crisis in Iran was in part to blame for Egyptian hesitancy. At the same time, the longer the negotiations seem deadlocked, the more the feeling is growing in Israel that there is no pressing need for a treaty.

Thus it would not be realistic to expect easy solutions at Camp David. Nevertheless the attempt should be made—and not just because to abandon this approach would represent another major reverse, after Iran, for U.S. policies in the Middle East.

West Bank

Success will come only if Israel makes firmer commitments than hitherto on the timing and holding of elections on the West Bank, which would permit Palestinian autonomy there. In broader terms, success will come only if the parties refuse to become bogged down in legalistic detail and instead concentrate, as they seemed to do last September, on the major issues.

If those two fundamental conditions prevail, then a precedent will have been set for peace treaties between Israel and Arab states. It could, eventually, even interest such countries as Jordan and Syria and the Palestinians. But at this stage those prospects look very remote indeed.

Why there will be oil—at a price

BY KEVIN DONE, Energy Correspondent

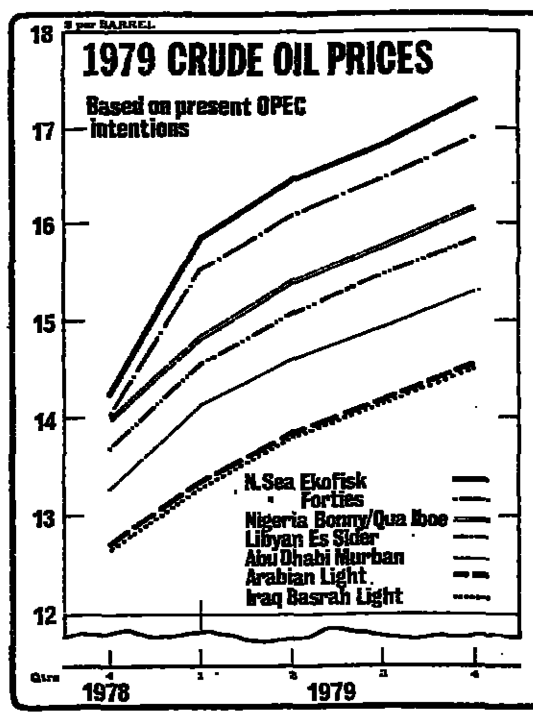
AS LONG as Iranian oil exports are lost to the world market the present wave of price rises is unlikely to subside and the problems confronting world supplies can only worsen. For several days world oil markets have been dominated by rumour. Deals have been struck on the flimsiest basis of sentiment rather than fact, but for the oil consuming nations what facts there are all point in the same gloomy direction.

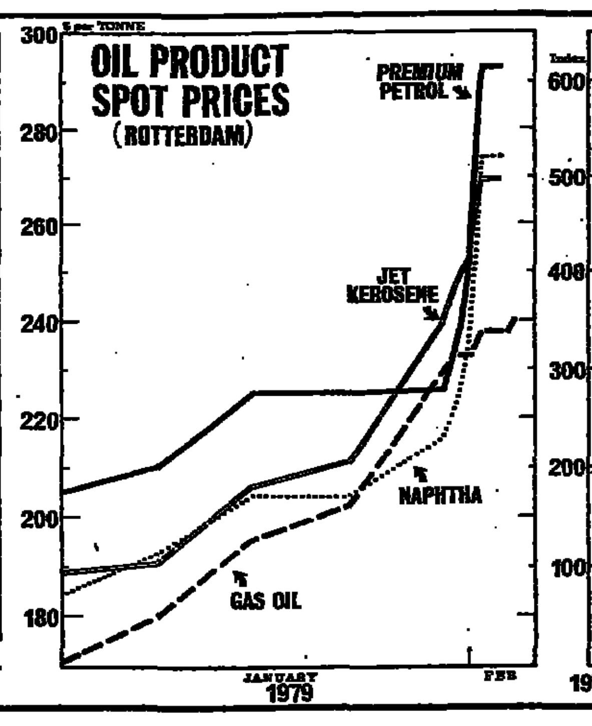
The dangerous state of world oil supplies has been given official recognition this week with the admission by Dr. James Schlesinger, the U.S. Energy Secretary, that the present world oil crisis is "prospectively more serious" than that created by the 1973-74 Arab oil embargo. Ever since that crisis the world's energy planners have been trying to forecast the point in the 1980s or 1990s when world oil demand would start to outstrip available production. At some point in the next two decades, it is argued, oil supplies would no longer be able to meet incremental world energy demand. Over a brief period of less than 20 years other energy sources, principally nuclear power and coal, would have to be developed to a point where they could begin to take over the task of balancing world energy demand. Most forecasters include a factor to take account of political uncertainty, but few if any would have chosen 1979 as the first year when world oil supplies would reach the crunch.

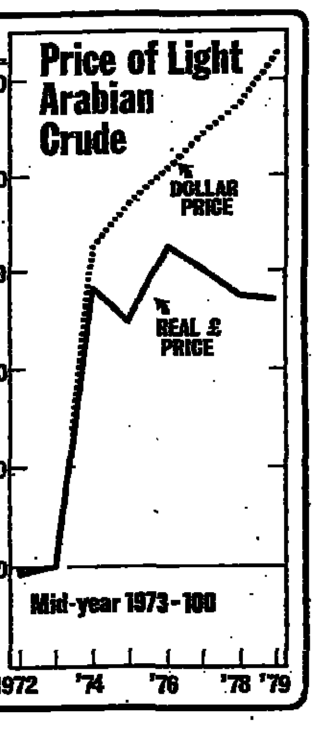
The oil industry is still clutching at straws in the wind, but increasingly the signs are pointing to the possibilty of OPEC producers insisting on further oil price increases later this year over and above the 14.5 per cent rise that was agreed in Abu Dhabi in December.

Already a crude oil auction sale has taken place in Abu Dhabi, stirring uncomfortable memories of the auction held by Iran in December 1973. Ironically it was the National Iranian Oil Company that held the sale which had such damaging results for the West. The highest bids came in at $17, chiefly from a group of independent oil companies, and gave strong support to the OPEC argument that the posted price was far too low.

The recent Abu Dhabi auction for about 2m barrels of "extra" Murban crude available this month reportedly brought a bid from a Japanese buyer of $18 a barrel. Oman, a Gulf producer but not a member of OPEC, has seized its chance by increasing its prices above the 5 per cent OPEC rise for the first quarter. Other OPEC producers are reported to be claiming a premium for part of their production, some to the extent of 50 per cent over official OPEC first quarter prices. According to one oil trader in New York, this is already happening in Syria, Algeria, Abu Dhabi and Iraq. Abu Dhabi in addition has made clear its view that the quarterly oil price increases announced in December were merely indicative rather than final.







(According to the OPEC agreement reached in Abu Dhabi crude oil prices will rise by an average of 10 per cent during 1979, but by the fourth quarter, because of the staged increases, prices will have risen by a total of 14.5 per cent over the level at the end of 1978.)

Perhaps the most significant rumour to sweep oil markets over the last week was the suggestion that Saudi Arabia was to bring down its crude oil production from the recent level of well over 10m barrels a day to a quarterly average level of 9.5m barrels a day. Last year's production limit of 8.5m barrels a day would still apply, but an "extra" 1m barrels a day would be allowed in the first quarter to be charged at fourth quarter 1979 prices.

Winter demand

In recent months Saudi Arabia has boosted its production dramatically by more than 3m barrels a day, partly due to the normal increases that would be expected to meet winter demand, but more importantly to make up, at least in part, for lost Iranian production.

Saudi Arabia still holds the key to the state of world oil supplies, although even its massive production capacity would be up against the technical limit before it could make good all the loss of Iranian oil exports. (Iran, the world's second largest oil exporter, was producing at between 5m and 6m barrels a day before the oilfield strikes began at the end of October. Present production is running at about 650,000 barrels a day, less than even domestic needs).

The present technical limit of Saudi production is believed to be between 11m and 12m barrels a day, but there is clearly no political will in Saudi Arabia to increase production to this limit. It is anxious to maintain stability in the world economy, but it must also take account of the politics of OPEC and of internal domestic pressures for greater conservation of reserves.

There are indications that the country is profoundly concerned about the effects that the turmoil in Iran could eventually have internally. It is anxious about the many recent political developments that have occurred in the region, not only in Iran, but also in the Horn of Africa and in Afghanistan, where there have been significant Russian advances. As Dr. Schlesinger observed recently in London: "Whatever the intent, the pattern of events has created the perception in the Gulf states of the prospect of encirclement."

There is an acute awareness in Washington of Saudi Arabia's nervousness about external threats and of the sensitivity of the particular level at which it pitches its present oil output.

With the complete halting of crude exports from Iran on December 26 the world oil market was denied about 5m barrels of oil a day. Since October there has been a cumulative loss of more than 375m barrels of Iranian crude, but this has been reduced to a net loss of about 150m barrels as a result of higher production elsewhere, principally in Saudi Arabia.

For 30 to 40 days the major consuming nations in Europe, North America and Japan, did not feel the effects of the cutbacks in supply because it was reflected only in the smaller numbers of tankers loading in the Gulf and putting to sea. The first signs therefore came in the rash of force majeure declarations from major oil companies of cut-backs in supplies to their crude oil customers. It was led by British Petroleum, which is most seriously affected by the loss of Iranian exports. BP is cutting back supplies by up to 45 per cent in the first quarter, Exxon is reducing by 10 per cent. Royal Dutch Shell has cut back 7.5 per cent over the two winter quarters and is cutting back by 15 per cent in the second quarter of this year.

In effect there is a deficit of current production to meet demand of the order of 2m barrels of crude oil a day. This is being met by oil companies drawing down their stock reserves. It is estimated that worldwide stocks are being reduced by 4m-5m barrels a day, against a normal drop of stocks during the winter season of about 2.5m barrels a day. This range tallies with what is known about recent Saudi Arabian oil production levels, although at least one major oil company believes that stocks are now being drawn down rather more quickly.

To put the present crisis in perspective, the quadrupling of crude oil prices in 1974-75 led to an immediate drop of demand of some 2m barrels a day worldwide because of snap conservation measures.

So far only the U.S. and Japan have made serious calls for voluntary curtailment of oil demand — through such measures as observing speed limits, turning down thermostats and turning off unnecessary lighting. National conservation initiatives are likely to have to suffice for the time being, because it does not appear that the present oil supply problems are great enough to trigger the International Energy Agency's emergency oil sharing mechanism.

This requires oil supplies to the 19 member countries—including all the major non-Communist oil consuming nations with the exception of France—to drop by 7 per cent in order to trigger a concerted conservation effort, which would in turn reduce demand by 7 per cent. The drop in oil supplies is at present hovering between 3 and 5 per cent.

Clearly the present cuts to crude oil supplies are manageable, and the long-term effects on the world economy can be mitigated as long as conservation measures are sensibly applied and consumers are not panicked into hording. Unfortunately if the recent evidence of movements on the spot markets for crude oil or oil products are anything to go by, the chances of panic being avoided are not especially great.

None the less the panic buying that has seized the spot markets, particularly in western Europe, can only be taken by the OPEC producers as further evidence that the oil consuming nations are ready and prepared to pay higher prices for their crude oil, even if normal contract sales never rise to the panic levels of present isolated spot sales. Other evidence is provided by North Sea oil prices—effectively geared to OPEC prices even though there is no official price fixing by the UK or Norway—which jumped by 11 per cent in contract sales from the last quarter of 1978 to the first quarter of this year, compared with the official OPEC rise of 5 per cent.

A part cargo of Arabian light crude was recently sold in Rotterdam at a delivered price of $23 a barrel, and Shell's Swiss subsidiary bought a cargo of the same type of crude for $22 a barrel. Recently spot crude prices have moved up almost daily and some of the big premiums have been paid by the major oil companies. The purchases are seen as an attempt by them to assure their subsidiary companies of the lengths they are going to secure replacement crude supplies for them.

Spot product prices have shown similar alarming increases. Since the beginning of the year spot naphtha prices have shot up from $190 a tonne to $275, premium petrol has risen from $205 to $300 a tonne, gas oil from $170 to $240 a tonne and even heavy fuel oil prices have moved from $82 to $95 a tonne.

Spot prices of this order are unlikely to be paid by UK oil companies, where retail prices are controlled by both Government restrictions and, a very competitive market. This means that those parts of the British market which have traditionally relied on spot supplies—characteristically the small independent oil companies—will be squeezed very hard by the current crisis. If shortages in the retail market develop they will probably appear first among these marginal suppliers.

The majors are suffering a reduction now in crude supplies —BP must be worst hit—but none of them have yet warned their customers of impending cut-backs in refined products. For the moment the oil companies are living off their stocks, which are still said to be above the minimum level of 70 days required normally by the British Government.

North Sea crude

Shell UK Oil, for example, which raised its wholesale product prices by an average of 8.9 per cent this week, said that it expected to be able to continue through to at least the end of June without cutting deliveries to customers. The impact of Royal Dutch/Shell's 15 per cent cut-back of crude oil supplies to its subsidiaries and outside customers in the second quarter will also be cushioned for Shell UK because of its independent access to UK North Sea crude.

Shell UK receives about 50 per cent of its crude oil needs from the North Sea. About 60 per cent of these North Sea supplies is Shell equity crude and the rest comes from deals with other companies such as the British National Oil Corporation, Hamilton Brothers, ICI and Amerada Hess. There is a danger that one of these might try to declare force majeure, but the effect would be minimal.

The main result in the UK of cut-backs of crude will be that the majors, with stretched supplies, will be unable to make-up any loss of supplies from the small independents. Deliveries of some products could be delayed, because of limitations on refinery runs, but with a little sensible conservation, product supplies should generally be asured until the middle of the year at least.

MEN AND MATTERS

Getting in the Euro-swim

Uncomfortably aware of the Community's reputation as a rich man's club, the European Commission has decided to move its London headquarters — shared with the European Parliament—a little closer to the rest of the world, if that is the right expression for the House of Commons and Fleet Street.

At present ensconsed in an elegant mansion in Kensington Palace Gardens, the London end of Western Europe sits cheek-by-jowl with the embassies of Eastern Europe.

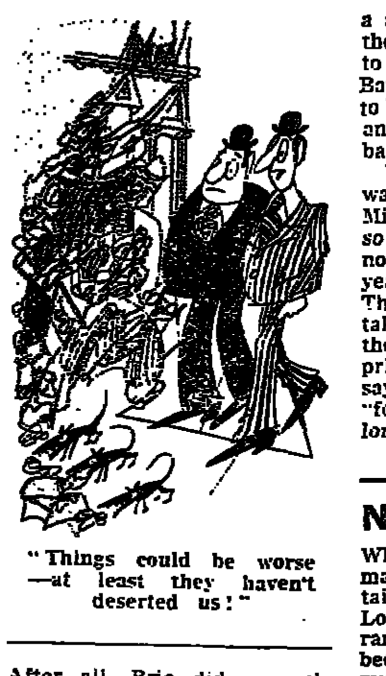
If the Commission manages to secure the building it wants in Victoria Street, it will have an 11-year stub of lease to dispose of in Millionaires' Row. The offices are ideal for keeping an eye on the Russians, whose embassy is just across the road.

It is thought the move could take place by September: an incentive for getting on with it being the first direct elections to the European Parliament in June. With most of the new Euro-MPs having no seat in Westminster, the London Eurocrats will be in a better position to keep them informed from a vantage point closer to the centre. Meanwhile their present remoteness seems all-too-clearly reflected in an invitation I have just received. It is for a briefing on the European Elections Information Programme. It is at 11.15 am. Unfortunately no date is specified.

Brie's new flavour

It is no longer merely cheese that the fortunes of Brie depend upon. As crude prices climb inexorably, the oil beneath the fields in this area east of Paris help France absorb the shock a little. Brie may be no rival to the North Sea, but it now has 11 derricks and produces 250,000 tonnes of oil a year.

For Parisians the derricks are becoming a sight-seeing curiosity—a modest hint of *la gloire*.



"Things could be worse—at least they haven't deserted us!"

After all, Brie did save the French exchequer £60m last year. As Maurice Jeantet, exploration director of Elf, puts the situation: "Any further strikes are worth putting on the market immediately."

A spoken misprint

James Callaghan's warning in Sheffield on the perils of printing money attracted the attentions of a heckler with a stylish sense of timing. The occasion for Callaghan's speech was his acceptance of the Freedom of the City of Sheffield, whose citizens he politely pronounced "practical, resolute, and self-confident. . . ." "And skint," added the heckler—demonstrating all three qualities, and at one stroke derailing the Prime Ministerial train of thought.

In a somewhat incoherent departure from his prepared speech, Callaghan went on to offer a choice between putting up with "these difficulties"—a reference to the Mounting Crisis —"or yielding to them as it would be totally wrong to do, to a system in which I could ask the Chancellor of the Exchequer to say to the Governor of the Bank of England 'please go down to Waterlows just down the road and get them to print some banknotes. . . .'"

Waterlows said yesterday it was "surprised" that the Prime Minister's information should be so out of date—the company has not printed banknotes for 17 years, and never British ones. The Bank of England was also taken aback, since it prints all the nation's money at its own printing works in Essex, and—says a spokesman—has done so "for donkey's years, however long donkeys live."

New look at Cook

When the massive exhibition to mark the bi-centenary of Captain Cook's death opens in London next week, one of the rarest objects on show will have been borrowed from a Viennese museum. Acquired by Cook in the Pacific, this "feather temple" reached Austria in 1806 in a fashion almost as curious as its own religious purpose.

The miniature temple, made from the plumage of a rare bird, was revered by the Hawaiians —who also first greeted Cook as a god. The English navigator brought it home and sold it, with countless other items, to Sir Ashton Lever, who opened a museum in Leicester Square. When Lever went bankrupt, he ran a lottery at a guinea a time: the prize was the museum, and the winner was a barber.

Seventeen years after Cook's death in Hawaii, the barber auctioned off these treasures—and an agent for the then Austrian emperor bought up a large selection and bore it off to Vienna.

The British Musem and British Library, jointly mounting the exhibition in Burlington Gardens, are putting on show much "Cookiana" never displayed before. But one object the crowds will not see is an unique Hawaiian figure sold by Lord Brooke ten years ago for less than £10,000—and auctioned to a foreign buyer last year for £240,000.

Chemical reaction

To be chairman of a company with sales of $7bn a year might seem a fair handful. But after only eight months, 56-year-old Zoltan Merszei is quitting his job at Dow, third largest of the American chemical giants. Merszei says he has "not been satisfied with the role," and adds: "There are many challenges elsewhere in the business world."

But his departure does not come as a surprise to some chemical industry analysts at Wall Street investment houses. They think Merszei was less happy handling Dow's worldwide business than he was in heading the European division. He returned to the U.S. in 1975 as executive vice-president, then was made successively president and chairman.

Concurrently with his going, Dow is appointing a new non-executive director: Paul W. McCracken, who was head of the council of economic advisers under Nixon. He is expected to be a member of the board's audit committee. Until now the only outside director at Dow has been Professor Melvin Calvin, a Nobel prizewinner for chemistry.

Problem solved

From Andora comes news of a breakthrough in accounting methods. The tax inspectors called on a local businessman and remarked that his books seemed to contain an awful lot of rubbing out. "What sort of system is that?" they enquired with some scepticism.

"Very simple, my dear fellows," said the businessman. "When I sell something for 200 francs, I put down: Mr. X owes me 200 francs. When he pays me, I rub out the entry."

Observer

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WHY BRITISH INDUSTRY'S ATTITUDE TO NEW OR BETTER PRODUCTS AND PROCESSES MUST CHANGE

BY DAVID FISHLOCK, SCIENCE EDITOR

The stifling of industrial innovation

VIEWERS of the BBC serial Telford's Change last Sunday would have seen a suave bank manager give a local factory owner some bad advice. Just how bad is plain from a government report published yesterday and expected to be discussed by the Cabinet before the end of the month. After a brisk walkabout in a fairly primitive factory casting valves for the gas industry, the bank manager urged his client to diversify, invent some new products; in fact, to set up a research and development programme. And the factory owner agreed, although nothing that was seen or heard by the viewer gave an inkling that either of them understood the implications of the advice.

The interview in the factory owner's office was a microcosm of the discussions between government and industry which have been taking place since World War II. Every British government has believed unswervingly that Britain is *simply bubbling over with ideas* which industry has merely to gather and turn into novel products. Didn't Churchill do this with great success during the war: atomic energy, the jet engine, radar, penicillin, etc? Thus the big national laboratories, nurseries where ideas can be fostered like *seedlings* in glasshouse conditions.

Governments spent prodigious sums in their own laboratories trying to repeat the wartime achievements. The scientists debated what proportion of the national product should be devoted to "R & D". Even though Britain tended to spend more than other industrial nations, it was never enough to satisfy them. Yet the flood of new products never materialised. The most ingenious ideas tended to be turned into new products for Britain's own state-owned industries — weapons, energy systems, transport systems etc. — but drew little interest overseas. Also much of the work done in national laboratories received no attention at all from industry.

The reason is set out starkly in yesterday's report, Industrial Innovation, from the Government's Advisory Council for Applied Research and Development (ACARD), a body which is important enough to have a Cabinet Minister—Lord Peart, Lord Privy Seal — as its chairman. Innovation is not some new trick of management that British industry is wilfully refusing to use. Innovation must be — always has been — an integral part of any industry that hopes to keep selling against international competition. Yet no matter how inventive British scientists are, their brainchildren will almost inevitably be strangled in childhood.

Four forms

Industrial innovation takes the following four forms:—

1. Improvement and development of existing products.
2. Improvement and development of existing processes.
3. Introduction of novel production methods based on new technology.
4. Introduction of novel products based on new technology.

But in Britain it has been seen since the war as a separate package, sometimes called "high technology," which once perfected would be so irresistably alluring that users would beat a path to the laboratory door.

As a result of this total misconception of innovation, successive governments virtually ignored the need for special mechanisms, incentives, "lubrication," to encourage the use of innovation. Worse still, they stubbornly retained measures which quite evidently work against innovation. They failed to perceive the need for a coherent national strategy to ensure that innovation in all four of its forms flows smoothly from the laboratory into the factories and the international markets.

Our big trading rivals—Japan, France, West Germany, the U.S.—all recognised this need for a coherent industrial strategy for innovation. Probably most single-minded of these were the Japanese who, says yesterday's report, "formulated a national plan in the 1950s which concentrated on a narrow range of export industries and stressed the application of highly advanced and innovative technology to production engineering and product design."

At the heart of any such strategy must be a clear perception that the real risks do not lie in research at all. They lie "downstream," in the massive sums of "patient money" tied up *for long periods in developing* and exploiting innovation; typically 20 to 100 times the original research investment. They lie in the high risk of failure inevitably associated with innovation. The backer—whoever he is—will be backing the man as much as his brainchild. The National Enterprise Board made this point clearly last year when it decided to put £50m into Inmos, the new micro-electronics company.

Above all, the point ACARD wishes to get across to ministers is that there should be no such thing as cover by a third party *in innovation.* Set out to get it, says one council member, and the best you can hope for is second-rate innovation. To underscore this point they reproduce in its entirety an essay submitted in evidence to the Wilson Committee on the workings of the City by Mr. William Kingston, lecturer in innovation at the University of Dublin—apparently the only man to hold such a post in these islands.

"If there is to be a private sector at all," begins Mr. Kingston, "it should be a healthy one; and no private sector can be healthy without the constant establishment of businesses that are really new, and not just affiliates of old ones." Managements will be deterred from colluding to put up and keep up prices, and from fighting off pressures from within to launch new products, only by the constant threat from new companies launched by new *men based on new ideas. Stifle* this flow of new companies and what can you expect but stagnation?

Lack of finance, Mr. Kingston believes, is the central reason for the paucity of new companies in post-war Britain. He isolates four reasons. The first is that, as Britain has become more "institutionalised," the number of decision points for investment in new businesses has been drastically reduced. This increases the risk for each decision-maker and thus the likelihood that he will come out against the investment. Second, as we have become more institutionalised, we have placed more emphasis on rationality—which must work against positive decisions in high-risk situations.

Third, as financial institutions become more bureaucratic, investment decisions fall increasingly upon people who, having never "done it themselves," lack any intuitive sense of the *kind of new business which just* might succeed. And fourth, financial backing for individual innovators has virtually disappeared in Britain, in spite of overwhelming empirical evidence that behind every successful piece of innovation is one man without whom it would never have happened.

Mr. Kingston is particularly persuasive in his portrayal of the "loneliness of the hired investment manager" who now fills the vacuum left by the disappearance of the individual investor—the "angel of innovation," so to speak. But the hired investment manager, no matter how able, cannot avoid the fact that he is not spending his own money, and that there will be quite insurmountable career pressures on him to try to avoid failures. Profit—the only significant incentive for innovation—gets supplanted by third party cover as the criterion of investment. Support goes to the lowest risk—hence the second-rate.

One specific form of third party cover is practised increasingly by the National Research Development Corporation, the government agency originally set up as patron of the inventor. This is the joint venture in *a new idea with an established* company. Nowadays, arousing this third-party interest may well be a condition of winning NRDC backing. But, as Mr. Kingston points out, this is throwing the decision straight back to the established companies with their vested interest in the *status quo*, instead of catalysing the growth of new companies.

"If the top management of a firm can be virtually sure that there is no chance of people lower down finding finance to get out and do it themselves if their ideas are not taken up, then it is under correspondingly less pressure to do something about their new ideas. And the timescale of innovations is such that it is rarely possible to pin the blame for misused chances on anyone." To this I would add that NRDC's oft-repeated claim that no idea it has ever turned down has made profits for another investor sounds less convincing when one appreciates that for most inventors in the private sector it is—sadly enough—the finance house of last resort.

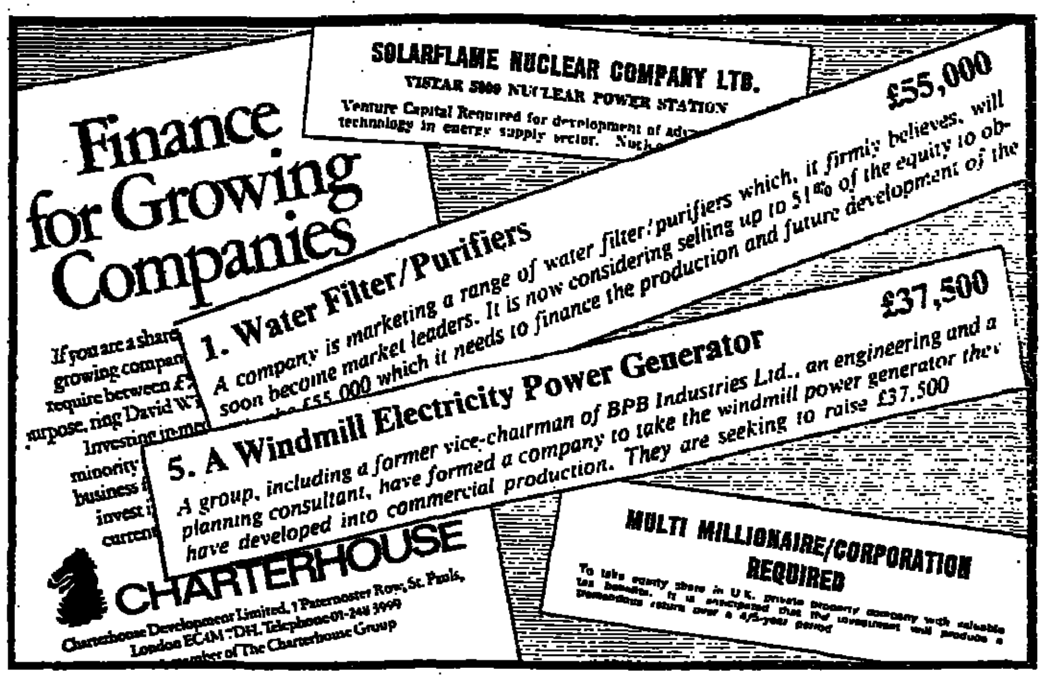
But ACARD, although privately sceptical of the performance of many of Britain's present institutions involved in innovation — finance houses, trade associations, research associations, etc—is not seeking to overturn the entire system. Rather, it wants the Government to redirect the mechanisms that already exist towards reducing the obstacles to innovation. Its report is not so much a blueprint for success as a powerful indictment of present malpractice. No British industry is praised (although privately the working party thought more highly of the food and chemical industries than any others). But it doubts whether a single blueprint for success could ever cover industries as disparate as say these two and building.

ACARD wants to get across to *ministers not just what innovation* really is, but how product innovation differs from process innovation and how vitally important the latter can be. It wants to get over the importance of what has been christened the new technology based firm (NTBF), and how British institutions are systematically stifling at birth companies for which the infant mortality rate is inevitably high anyway. It wants to get over the message that innovation is merely a means to an end, and that end is to sell. Decisions here cannot be left to minds trained, for good reasons, to think: "I cannot be held accountable for a failure."

This is the second of a trio of ACARD reports, the first of which was on micro-electronics, published last autumn. *Still to* come is one on the social impact of technological change. Taken together, council members say, they afford a fresh insight into Britain's industrial problems.

Their problem is to get the message accepted in Whitehall where it can only be read as saying some important decisions —and thus certain people—have been wrong in the past. The Treasury, for instance, finds the message about innovation and why investors have lost the zest for a gamble all very new—"which is very depressing," one ACARD member comments. Unlike other major government departments these days, the Treasury has no chief scientist through which ACARD might operate. As the council sees it, it needs not so much a chief scientist as a chief engineer—"someone who appreciates more than cash flow."

Industrial Innovation is published for the Cabinet Office by the Stationery Office, £1.



Malcolm Rutherford's Politics Today will appear on Saturday.

Letters to the Editor

New Zealand butter

From the London Director, New Zealand Dairy Board

Sir,—In the Financial Times of February 6 Mr. Majgaard, chairman of Butterdane said that New Zealand has unfair advantages in the British butter market and should be forced to compete on equal terms with Community suppliers.

Freedom to compete on equal terms would be more than welcome to New Zealand.

The conditions under which we are permitted to sell butter in Britain are, however, governed by the EEC Commission. The Commission fixes a levy on New Zealand butter and in effect fixes the minimum price at which our produce may be sold.

At present New Zealand butter is subject to a levy equal to about 90 per cent of the cost at which it is landed in the UK. The levy at present is about £690 a ton or 30p a pound. Danish and other Community butters are admitted free of levy.

The Dublin agreement to which Mr. Majgaard refers requires that "a special levy shall, so as to ensure that the annual quantities specified are effectively marketed, be fixed at a level permitting the sale of butter at a consistent rate without disrupting the market in Community butter."

The quantity of butter that New Zealand can sell has been fixed by the European Council and New Zealand is required to observe a minimum selling price. Fluctuations in our rate of sale arise from changes in the levy.

If New Zealand were to increase the price above the minimum the effect in short order would be an increase in the levy. Frequent levy adjustments would actually run counter to the objectives that Mr. Majgaard evidently wishes to achieve.

We would like to see the levy-setting system improved to permit a more even rate of off-take and that is an objective we share with Mr. Majgaard. But it would not be achieved by frequent levy adjustments.

New Zealand has traditionally been a major supplier to the British market. Prior to Britain's entry to the Community, New Zealand supplied on average about 180,000 tons a year. The tonnage this year has been reduced to 120,000. Dairy production is not something that can be turned on and off like a tap. The New Zealand dairy industry could not operate with quotas set annually.

It needs to be able to see production requirements several years ahead. Quantities set five years in advance would be desirable and would provide a better basis for planning by the European dairy industry.

Stan Murphy,
St. Olaf House,
Tooley Street, SE1.

Incentives essential

From Mr. P. McMenemy

Sir,—The inability of the present Government to raise *sufficient* funds to pay a living wage to our public service workers is directly related to the poor performance of British industry to create new wealth for the nation.

Our level of productivity is ridiculous for a great nation—less than half of that achieved by our American cousins. The industrial strategy has provided a useful exercise in communications through the sector working party. We all now know that a *higher level of efficiency would* be easy to obtain if there were less people doing more work. We cannot expect, however, that members of trade unions will accept a reduction in manning levels resulting from higher rates of productivity unless there is new investment, creating new and better jobs for those made redundant. But without productivity this new investment will not happen. A way must be found to break this vicious circle. If it is not broken we will become less competitive every year, and as firm after firm closes down, there will be fewer jobs and less wealth to support those in the public service who depend on industry's earnings for their wages.

When we recognise that our tax system results in our workers earning little more in productive industry than they can obtain with a family on social security, and that our leaders of industry are among the most heavily taxed in the industrial world, the remedy becomes obvious. The Chancellor should, in his next Budget, reduce the upper tax limit on earnings to *competitive levels with* other industrial nations. He should also introduce new measures to encourage high productivity by returning a proportion of corporate taxes as an annual bonus to those engaged in productive industries, related to the profits they produce. This is the only *foolproof productivity deal and* the only way to ensure that it is self financing.

I would suggest that from the taxes levied on industry, the Government should return a sum of money to each company, equal to a quarter of pre-tax profits of all private, public and nationalised industries, to be divided equally as an annual bonus between all those engaged in the company during the year in which the profits were made, with suitable deductions for absenteeism and unofficial strikes. Under PAYE the system exists to effect this tax change. These payments should be tax free if invested in shares or national savings for a minimum of two years.

This plan would have many useful side effects. It would discourage excess profits; it would redistribute new wealth more fairly: it will benefit those who are willing to contribute to the national effort, and it will attract labour away from the over-manned public services industry.

The only temporary loser in this scheme would be the Chancellor, but given only a reasonable improvement in productivity, he would soon recover lost revenue from the higher level of business activity which would result. When all those engaged in our industries co-operate to create new wealth for themselves as well as the nation, new investment would flood into this country with its unique sources of energy, its name for inventiveness and ingenuity, and its stable political and social systems. In the last three years the Chancellor has spent literally billions of pounds sterling giving tax concessions on new plants, new buildings and stock replacement. If tax allowances could be paid to the people in industry, instead of to the buildings, we might get a response from the people who have to make our investments work.

We must provide the financial incentive necessary to create a new attitude to our work and thus raise the standard of *living, which today is obviously* unsatisfactory for large numbers of the population.

P. E. McMenemy.
Wychwood, 45 The Woodlands,
Market Harborough, Leics.

Breeding wheat

From Mr. B. Read

Sir,—The article (January 31) on the problems of the *common agricultural policy* by Chris Parkes was interesting and informative. The points made may be common knowledge to those of us involved in agriculture but it is necessary to educate others about the problems and to explain why, in a community of individual countries, and a society of individual people, we cannot have a "common" agricultural policy. Could we in this country accept that a detailed social and financial programme laid down by central government determining exactly how the citizens of Norwich should conduct their affairs, would necessarily be the right policy for, say, the citizens of Newcastle?

I refer to the recognition in the article of the case for special treatment of strong North American wheats which are necessarily imported into the UK to produce the type of bread demanded by the consumer and which at present carries an unnecessarily high levy. This in turn increases the cost of bread to the consumer without any benefit to EEC farmers.

The article, however, was less than fair to European wheat breeders in referring to the declining quality of EEC grown wheat. It is also somewhat contradictory in suggesting that this wheat is of little use to flour millers yet accepting that half the wheat used in British bread is EEC wheat.

In France the miller produces flour for the French baker from 100 per cent French wheat and this is acceptable for the systems of production and distribution in that country. For many reasons, including those of taste, of habit and of *deliberate Government policy*, this type of bread is acceptable in France but cannot be adopted in the UK.

It is true that wheat breeders have developed high yielding varieties which are unacceptable for flour milling but this has been a deliberate policy particularly in the UK to fulfil a demand and maximise farmer's return. The compounders, it must be remembered, take half the UK wheat crop and its protein quality is irrelevant to them.

Breeders have recognised the needs of *flour millers and millers* recognise that it is not possible to produce a wheat with the quality of North American strong wheats and yet give an acceptable yield for the farmer. Therefore varieties such as Flanders which now represents about 15 per cent of the UK wheat crop have been bred and further work has produced newer varieties such as Armada and Bounty with a higher yield. These wheats have moderate quality and a yield only about 5 per cent below the highest yielding wheats suitable for animal feed.

Millers in their turn have developed techniques which enable them to use up to 50 per *cent of these better quality* wheats and yet to maintain the quality of the end product—bread. Adequate production of the new quality wheats sometimes called "filler" wheats will help the British miller to increase the use of British wheat even further, and reduce *imports from France, though* it will not reduce the requirement for some imports from North America.

So do not let us knock all EEC wheat and let us give credit to breeders and recognise that part of the lower quality referred to in the article was a deliberate and acceptable policy to maximise the farmers' return.

Bryan C. Read.
Read Woodrow,
PO Box 9,
City Flour Mills,
King Street,
Norwich.

Rising standard of living

From Mr. R. Mortimer

Sir,—Mrs. N. Ings' letter (February 2) does lead to some further thought. Indeed, if the bankers, etc., to whom she refers—and I add the scientists, technologists, and innovators, etc.—who are all the driving force of an advancing society—were to suffer demise tomorrow —or merely go on strike—the nation would not experience the misery of the union strikes be they public service workers or others who over the years have caused suffering to the nation.

The unions give the impression that as their members are vital to the nation in the daily operation of the nation's business and can cause serious disruption within days of withdrawing their labour, then the value of their labour is in some proportion to their immediate necessity. In recent years the country has shuddered from the strike *infliction of the miners* but only after some weeks; the Transport and General Workers' Union has proved that it can make it hurt just as hard after only one week; and now the National Union of Public Employees can render the pain immediately.

The case of the unions is for a higher standard of living but nobody seems to point out that those who provide the country with their labour have not contributed to any higher standard, but because of reduced hours and perhaps less effort have tended to reduce the standard. The steadily increasing standard of living enjoyed by the nation as a whole—and let us accept that this has been the case for at least the last 30 years—is due to those very innovators, technologists, progressive managers, etc., whose demise would not affect rising standards for some time to come.

That inflation must be overcome is stated firmly by all moderate thinkers and the letter of February 1 from the director of Help the Aged makes a strong point on the desperate situation of the elderly—so often championed by Mr. Jack Jones.

If therefore inflation is such an evil then any inflation is an evil even 1 per cent, let alone that of any single figure. As the unions and the nation as a whole look to further increases in living standards the solution must be in lower prices and the ingrained attitudes of unions in seeking annual increases in £s must be adjusted to thinking in terms of assisting industry to lower prices.

An immediate step must be a wage freeze after which the unions must agree among themselves what they will accept as to the differentials between classes of employee and thereby end the leap-frogging and the annual — or continual — wage confrontation. Industry would surely then have a stable basis on which to expand, increase its efficiency, and by this and by competition steadily reduce prices. In this more rational situation would not the pound increase on the foreign exchange and reduce import costs; interest rates fall and the gearing up of industry reduce unemployment?

I have not noted any such suggestions being made but following continual wage increases since the *last war and several* devaluations the march to the abyss has been continual and some fresh thinking must now be done.

Robert Mortimer.
Ainderby Steeple,
Northallerton,
North Yorkshire.

Motorcycle accidents

From Mr. F. West-Oram

Sir,—You report (February 3) that a team of medical researchers hopes to check the number of motorcycle accidents "by studying the effectiveness of crash helmets." What inspired idiocy! The way to check motorcycle accidents is to prevent them happening, not *minimise their effect. This can be* achieved in two ways.

The first is to ensure that motorcyclists get basic training on private ground before being allowed on the public highway. While excellent voluntary schemes have existed for many years and are being extended, only a *small minority* of riders have used them. Successive Transport Ministers have shown culpable negligence in not making such training compulsory. The remedy is clear.

The second is to ensure that other road-users, especially car drivers, become more conscious of the presence of motorcyclists. The recent well-designed television series on this subject can have only limited effect because of the couldn't-care-less attitude of many drivers; and distinctive motorcycle clothing must be of diminishing value. The only really effective measure would be the proper enforcement—backed by publicity—of existing traffic laws and codes, especially urban speed limits, with the rather obvious objective of making available more thinking-, seeing- and avoiding-time. This *would be perfectly feasible with* existing police resources. It would, of course, benefit all road-users, but particularly motorcyclists, who are the most vulnerable in collisions. Strangely, the police seem reluctant to act. Again, the remedy is clear.

Frank West-Oram.
161, Chester Road,
Northwich, Cheshire.

Today's Events

GENERAL

UK: Pay negotiations resume for 33,000 manual workers in water industry.

TUC meets Cabinet Ministers *at 10 Downing Street.*

Sir Kenneth Cork, Lord Mayor of London, attends lunch with Court of Assistants of the Mercers' Company, Mercers' Hall, Ironmonger Lane, EC2, followed by a meeting with the Joint Grand Gresham Committee.

Two-day Crufts Dog Show opens at Earls Court.

Overseas: Mr. Harold Brown, U.S. Defence Secretary, leaves Washington for Middle East tour, visiting Saudi Arabia, Jordan, Israel and Egypt.

International Commission for Study of Communications Problems, meeting in Belgrade, ends five days of talks on free information flow and protection for journalists.

OFFICIAL STATISTICS

Treasury publishes central Government financial transactions (including borrowing requirement) for January.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' Bills.

COMPANY RESULTS

Final dividend: Glasgow Stockholders Trust. Interim figures: Ewart New Northern.

COMPANY MEETINGS

Eldridge Pope, Dorchester Brewery, Dorset, 12.15. Arthur Lee, Tapton Hall, Shoe Lane, Sheffield, 12.30.

LUNCHTIME MUSIC, London

Organ recital by Gareth Green at St. Paul's Cathedral, 12.30 pm.

Recital by Barbara Rodway (soprano) and Ann Price (mezzo-soprano) at Guildhall School of Music, 1.10 pm.

Choral concert by Salterello Choir at St. Martin-within-Ludgate, 1.15 pm.

UK COMPANY NEWS

Imps' better second half pushes profits to £131m

AS forecast, the Imperial Group improved profits in its second half—from £61.62m to £72.08m—to finish the year ended October 31, 1978 with a pre-tax figure of £131.08m compared with £129.12m previously.

In their interim report, the directors said they were also looking for a total trading profit approaching that of 1976-77 as well as an improvement at the attributable level.

In the event, the trading surplus after interest and depreciation improved from £108.59m to £109.62m and the attributable figure, after minorities and extraordinary items, was higher at £123.15m (£109.35m).

Trading results for the first three months of the current year show a useful improvement over the same period last year, the directors say.

Sales for the year increased from £3.2bn to £3.43bn.

Excluding extraordinary items, pre-tax earnings per share are shown at 18.5p, against 18.2p, and 14.6p (14.7p) net. The final dividend is 4.07p lifting the total from 5.66p to 6.32p—total dividends will absorb £44.64m (£39.97m).

Extraordinary items of £20.4m show a significant increase over the £5.8m last year and include a profit of £8m from the sale of the group's share in The Glenlivet Distillers as well as £10.2m profit from the sale of properties, mainly in the brewery division.

	Year 1977-78 £000	1976-77 £000
*Trading surplus	144,022	150,601
Interest charges	34,399	42,016
Investment income	21,461	20,534
Profit before tax	131,084	129,119
Tax	27,986	25,259
Net profit	103,098	103,860
Minorities	305	314
Extraordinary surplus	20,357	5,803
Attributable	123,150	109,349

*After depreciation £33.82m (£31.55m).

The tax charge comprises £55.1m (£11.8m) and a deferred tax credit of £27.1m (£13.5m charge).

The tax and deferred tax figures for 1978 have been affected by a marked decrease in the value of tobacco stocks. The decline in stock values gave rise to an additional corporation tax charge in 1978 of £28.9m.

Deferred tax provisions of £26.4m, amounting to more than 90 per cent of this charge, had been made in the accounts of previous years, including a provision of £12.9m in 1977. It is mainly the release of these provisions which has given rise to the credit.

The tobacco division succeeded in doubling its king size volume to finish the year with 40 per cent of this sector, which by then accounted for 55 per cent of total UK cigarette sales. But competitive pressures and consequent promotional costs are reflected in the division's lower earnings.

Long established brands in other sectors showed considerable resilience, and group share of the non-king size market improved overall.

The surplus in the paper, board, packaging and plastics division declined marginally from the record level in 1977, principally because of weak trading conditions in the paper and board markets, especially the latter.

Plastics interests, however, increased their profits, as did the associate Mardon Packaging International.

In difficult trading conditions in the UK the food division's surplus fell from its 1977 level, despite a strong second-half recovery.

A severe weakness in the domestic egg market, aggressive price-cutting by retailers, and the abundant supply of cheap, fresh vegetables were among the factors which adversely affected margins.

Profits from broiler U.S. interests were substantially better than last year, and sales by overseas companies, as well as exports from the UK, showed further increases.

The brewery division's trading surplus was higher than in 1977. Courage gained sales in the free trade and take-home sectors while sales through managed houses also showed a better trend.

Wines and spirits interests benefited from a recovery in consumer spending during the second half.

Capital investment in 1978 was £103.4m after grants and sales at cost or valuation, but excludes the £39.6m in the acquisition of J. B. Eastwood during the year.

New capital investment of some £100m is being provided for this year, the major slice of which will be taken by the brewery nearing completion near Reading.

Short-term borrowing at October 31 were down by £67.5m on last year's figure. However, due to the new duty structure on tobacco products, the group has been able effectively to reduce borrowings by about £100m and save some £8m on interest charges.

See Lex

HIGHLIGHTS

The Authorities have followed the trend in the money market by hoisting MLR to 14 per cent, thus allowing the Government broker to reactivate his long tap but at a sharply lower level. **Imperial Group** has had a reasonably good second half, making up for the first-half setback to leave pre-tax profits marginally ahead at £131m. In a surprise statement yesterday **Philips** has announced that it is considering plans for a reconstruction of Pye, its 60.7 per cent owned subsidiary. Elsewhere the first-half figures from **Town and City Properties** show that rising interest rates are offsetting much of the benefits from last year's £120m refinancing scheme. Meantime, **ML Holdings'** *profits rise is fairly modest at 10 per cent* but the directors had already warned that the year would be one of consolidation.

Hill and Smith on target

AS FORECAST at the time of the rights issue, **Hill and Smith** raised taxable profits above the £1m mark in the year to September 30, 1978. The group increased profits before tax from £926,666 to £1,053,968. At the *halfway stage the group* advanced from £372,946 to £451,829.

The directors say that turnover in the first quarter of the current year is ahead of the comparable period last year. But they add that it is too early to make forecasts for the full year in view of national strikes, rising costs and cheap imports of road safety barriers.

The group made a one-for-seven rights in September last *year and, as forecast then, the* total dividend payment for the year is raised from 2.19p net to 3p after a final of 2.25p. In September the Board said that it expects to raise the total payout for 1978-79 to 3.5p.

Turnover for the period under review rose from £12.73m to *£14.33m.*

Earnings per 25p share, adjusted for the rights issue and capitalisation, are up from 15.06p to 17.04p.

The directors and their families waived dividends amounting to £35,480 (£23,328).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Amal. Distilled ......int.	0.25	Mar. 14	0.5	—	0.75
Arden & Cobden	3.46	Mar. 30	3.1	3.46	3.1
Berwick T. 2nd ...int.	0.88	Apr. 2	0.8	‡—	2.99
Elbief ....int.	0.39	Apr. 10	0.35	—	1.13
Gen. Funds Invest. ...	3.45	Apr. 12	3.2	5.45	4.7
Heiton Hldgs. ......int.	1.3	Apr. 6	0.9	—	2.8
Hill and Smith	2.25	Apr. 2	1.44	3	2.19
Imperial Group	4.07	Apr. 2	3.41	6.32	5.66
McCairns Motors	3.5	—	2.75	5	4
M. L. Hldgs. ....int.	2	Apr. 9	1.5	—	4.31
Plastic Cnstrns.	1.56	—	*1.39	2.32	*2.08
Wm. Ransom ....int.	1.3	Apr. 6	1.16	—	3.14
St. Andrew Trust	2.9	Apr. 17	2.65	4.9	4.15
Tribune Invest.	1.15	Apr. 10	*0.85	1.7	*1.3
Watsham's ....int.	3.3	Mar. 31	1.65	—	4.03

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Making 1.76p to date.

ML Hldgs ahead to £0.3m at halftime

TAXABLE profits of ML Holdings, manufacturing engineer, rose by 9.6 per cent from £276,743 to £303,456 in the six months to September 30, 1978. And the Board is confident that in the year of consolidation the *group should exceed last year's* record profits of £708,301.

Turnover for the period rose from £5.82m to £6.94m.

At the time of the three-for-10 rights issue in November, 1978 the directors said the current year would be one of consolidation, and they anticipated paying total net dividends of 6p—a 39 per cent increase.

The interim dividend is raised from 1.5p net to 2p on the increased capital.

Mr. Ralph Price, chairman, says in his half-year report that the companies concerned with aviation and defence business continue in a satisfactory manner.

There is an increased level of activity at the company in Plymouth, not only in its signalling systems work but also in the machining and fabrication business.

The "Vacuum" process foundry in Northampton is now operating *in the new premises and* work at the 75-year-old foundry has ceased.

The pre-tax figure for the half-year is struck after depreciation and interest charges of £135,464 (£84,233). Tax takes £155,000, against £144,000, leaving net profit at £145,456, compared with £132,742.

Stated earnings per 25p share, on the increased capital, are 5.21p, against 6.15p on the capital before the rights issue.

● comment

M. L. Holdings had already forecast a year of consolidation so the interim outcome—pre-tax profits 10 per cent ahead on sales a fifth higher—contains few surprises. In any case the half time figures mean little in view of the long term nature of most contracts but the company appears on target for a full year total of around £¾m. This would put the shares, which *fell 5p to 150p yesterday in a* narrow market, on a prospective fully taxed p/e of 11.4 and a yield of 6 per cent. This rating looks a trifle demanding given *the substantial dependence on* Government controlled aviation contracts where margins tend to be fixed.

This business, like the railway signalling equipment side, provides a steady income whereas Crown's newly opened foundry may offer the best potential for future growth. This is claimed to be the first vacuum process for cast iron in Europe and although initially it has been turning out the group's tra-*ditional piano frames,* the process is expected to be used for other castings. Meanwhile, the troubled refrigeration and air conditioning activities are still not contributing to profits but the company is confident that they will soon pull round.

Watsham's expands at midway

IN THE half-year to September 30, 1978, pre-tax profits of Watsham's advanced from *£248,000 to £291,000 on turnover* up from £1.07m to £1.25m.

The directors say that, during the period under review, progress in all the company's product areas was satisfactory, with further development of long-term growth plans, re-equipment and investment in advanced *production and process machinery.*

They add that further expansion of the company's involvement in the field of advanced optical products has resulted from Cook and Perkins becoming a subsidiary. This development will allow a major extension of the company's commitment to penetrate further into the field of advanced equipment incorporating optical engineering.

The consideration of £400,000 will be met by the issue of 133,333 ordinary shares which have been placed with the company's institutional shareholders. This will allow Watsham's to plan on a long-term basis the investment of its cash resources in the comprehensive development plans which have been laid down in the past two years.

After tax of £116,000 (£124,000), stated earnings in the period under review rose from 5p to 7p. The net interim dividend is 3.3p (1.65p)—last year's total payment was 4.02845p on pre-tax profits of £591,000.

The Board has received an indication from the Treasury that, while the dividend proposals fall outside the duration of the present legislation, were this to continue in its present form Treasury consent for an *increase for the current year to* a maximum of 8.1p would be forthcoming.

Attributable profit is £154,000 (£111,000) after minorities.

The company manufactures and supplies specialised products in the optical, telecommunication and industrial safety industries.

Investors meet over Moran allegations

INSTITUTIONAL shareholders of Christopher Moran, the insurance broker being investigated by the City of London Police *Fraud Squad over reinsurance* transactions conducted in the mid-seventies, met yesterday afternoon at the offices of the company's stockbrokers, Capel-*Cure Myers.*

Institutional shareholders were seeking clarification of the allegations that had been made against the company and which led to the *investigation by the authorities.*

Moran's shares rose 2p to 39p yesterday.

S. Casket director quits

S. CASKET DIRECTOR QUITS

Mr. Simon Casket, a director of S. Casket (Holdings), has left the company and relinquished his appointments within the group.

Mr. Casket has no plans to sell his shares in the company and the move will not affect the business contacts of future development of the company. A grandson of the founder of the company, and son of Mr. Jack Casket, a joint managing director, he has left on amicable terms to pursue his own interests.

Town & City cuts midway deficit to £7.66m

FOR THE half year ended September 30, 1978, **Town and City Properties** reduced its pre-tax deficit from £10.97m to £7.66m, struck after reduced interest of £11.61m compared with £14.46m. In the previous full year, the company incurred losses of £17.32m.

Gross property income for the six months reached £17.54m (£16.4m). Net property income fell from £2.14m to £1.79m, but this was more than offset by increased income from other sources which rose £0.81m to £2.16m.

	Half-year 1978 £000	1977 £000
Gross property income	17,543	16,400
Net property income	1,788	2,139
Other income	2,159	1,349
Making	3,947	3,488
Interest payable	11,605	14,457
Loss before tax	7,658	10,969
Tax relief	3,481	1,079
Net loss	4,177	9,890
Minority credits	3	40
Realised capital profits	3,824	*1,880
To capital reserve	3,824	†1,880
From capital reserve‡	—	2,266
Leaving loss	4,174	7,584

* Losses. † From reserve. ‡ In respect of development properties on *which development has commenced.*

Tax relief was higher at £3.48m against £1.08m, leaving net loss down from £9.89m to £4.18m. Again no interim dividend is to be paid—in 1977-78 a single 0.01p net payment was made.

Since last August's preliminary announcement, the company has sold a further £20m of property with a book value of £16.5m. This brings the sales total since March 25, *1978,* to £47m with a book value of £39.5m.

Realised capital profits for the period amounted to £3.82m (£1.88m losses) which were transferred to capital reserve (from reserve).

These comprised a £10.07m surplus of sale proceeds over original cost of property, less capital gains tax; less £5.6m excess of cost of acquisition over book value of net tangible assets of subsidiaries written off in respect of sales, and £0.64m net capital losses.

The surplus on sale of properties has no regard to valuation surpluses in previous years amounting to £10.51m which were included in capital reserve and have been written off.

Tax relief included was £3.5m (£1.2m) and was limited by reference to the amount of offsettable chargeable capital gains. Significant losses remain available to be carried forward *against future revenue profits.*

Taking account of the position of the group's present development *programme* it has been decided to discontinue making a transfer from capital reserve in respect of net outgoings of development properties.

● comment

Town and City's recovery programme is being hampered by rising interest rates, which have wiped out most of the benefits of last April's £120m refinancing programme. With each percentage point rise in interest charges costing about £1m a year, yesterday's jump in MLR is a further setback. Although the Gamages and Manchester developments will soon start making useful contributions, it seems that the company will now have to step up its disposal programme. But while the first half loss looks daunting, the result is a substantial improvement over the previous comparable period. The service industry division has continued its steady growth, and overall Town and City should be able to trim its losses to between £12.5m and £13.5m pre-tax (£17.3m) for the year. At 14½p the company's market value is *around £36m.*

Amal. Distilled sells beer-bottling offshoot as half-year profits fall

AFTER suffering a loss of £76,000 in the first half, the domestic beer bottling and wholesaling business of Robert Porter is to be sold by **Amalgamated Distilled Products.**

The group as a whole saw profits fall from £67,650 to £10,351 in the half year to September 30, 1978. The results, say the Board, reflect the extremely poor performance of Robert Porter dur-*ing the summer. It was hit by* adverse trading conditions and a lack of contract bottling.

Porter is being sold to Gibbs, Mew and Co., the Salisbury-based brewers. It is estimated that the transaction, effective from March 1, 1979, will produce about £900,000, subject to only minor adjustments once the audited figures are available.

The proceeds will be used to reduce group borrowings.

However, the directors are expecting the group to recover in the second half. Helped by an excellent whisky export performance and buoyant conditions in all of the group's Scotch whisky activities they anticipate that second half profits will take the group well above last year's total surplus of £96,861. In 1976-77 the *group made a loss of £22,145.*

But the Board warns that the losses due to the recent transport strike have yet to be quantified. While all divisions suffered some setback, Export Bottlers was badly hit and was operating at less than 25 per cent capacity throughout the January dispute, despite a full order book. These losses are irrecoverable, say the directors.

The interim dividend is cut from 0.5p net per 10p share to *0.25p. Last year's total was 0.75p.*

Turnover for the period under review was slightly ahead at £6.84m, against £6.65m.

The pre-tax figure was struck after interest of £162,216 (£120,939). After an extraordinary debit of £25,000 last time and no tax charge for both years there is a loss of £5,994, compared with a retained profit of £34,960.

McCairns hits peak £744,000

With second half profits ahead from £402,000 to £457,000, *McCairn Motors* ended the September 30, 1978 year at a record £744,000 pre-tax, compared with the previous years £680,000. Turnover rose £3.15m to £15.66m.

The directors describe the result as highly satisfactory. At midway, they forecast that second half results should be similar.

Earnings per 25p share are given higher at 20.81p (18.46p), while a final dividend of 3.5p net raises the total payment from 4p to 5p.

Profits were after interest of £293,000 (£315,000), but subject to tax of £328,000 (£311,000).

The company is a subsidiary of Private Motorists Protection Association Insurance Company.

Deborah Services up 23% so far

PRE-TAX PROFITS of **Deborah Services**, scaffolding and insulation contractor, increased 23 per cent from £510,000 to £625,000 in the six months to September 30, 1978. Sales rose by 47 per cent to £6.5m.

Mr. A. L. Britton, chairman, says the outlook for the remainder of the year is good, and he believes last year's results will be exceeded. In that period, pre-tax profits were £1.04m on turnover of £9.1m.

The net interim dividend is 1p *on increased share capital.*

A breakdown of pre-tax profits (in £000s) shows scaffolding turned in £471 (£233), insulation £101 (£253), and building equipment £53 (£24).

The shares of the group are traded by M. J. H. Nightingale and Co.

Elbief ahead to £151,000 at halfway

An increase in pre-tax profit from £121,000 to £151,000 in the half-year to October 31, 1978, is reported by Elbief Company, manufacturer of handbag frames, leathergoods accessories and picture frames. Turnover advanced from £1.03m to £1.37m.

The directors say that the second half should be no less *satisfactory than* the first six months, although present industrial and economic conditions vitiate any predictions. In the last full year, pre-tax profits were £307,000 (£300,000), on turnover of £2.45m (£1.98m).

Pre-Christmas trade in the Elite range of photograph frames and art collection attained an encouraging level, they add, while sales to the leathergoods trade are also showing an improvement.

The net interim dividend is 0.385p (0.35p). *Last year's total* payment was 1.134p.

Payment has been waived by some directors and their associates on 4,726,250 (4,131,250) shares. The cost after allowing for these will be £30,506 (£29,816).

Tax is payable at £71,000 (£57,000).

Heiton jumps to £0.6m

TAXABLE profit of **Heiton Holdings** jumped *from £282,000 to* £590,000 in the half year to October 31, 1978. Turnover advanced from £8.67m to £11.75m.

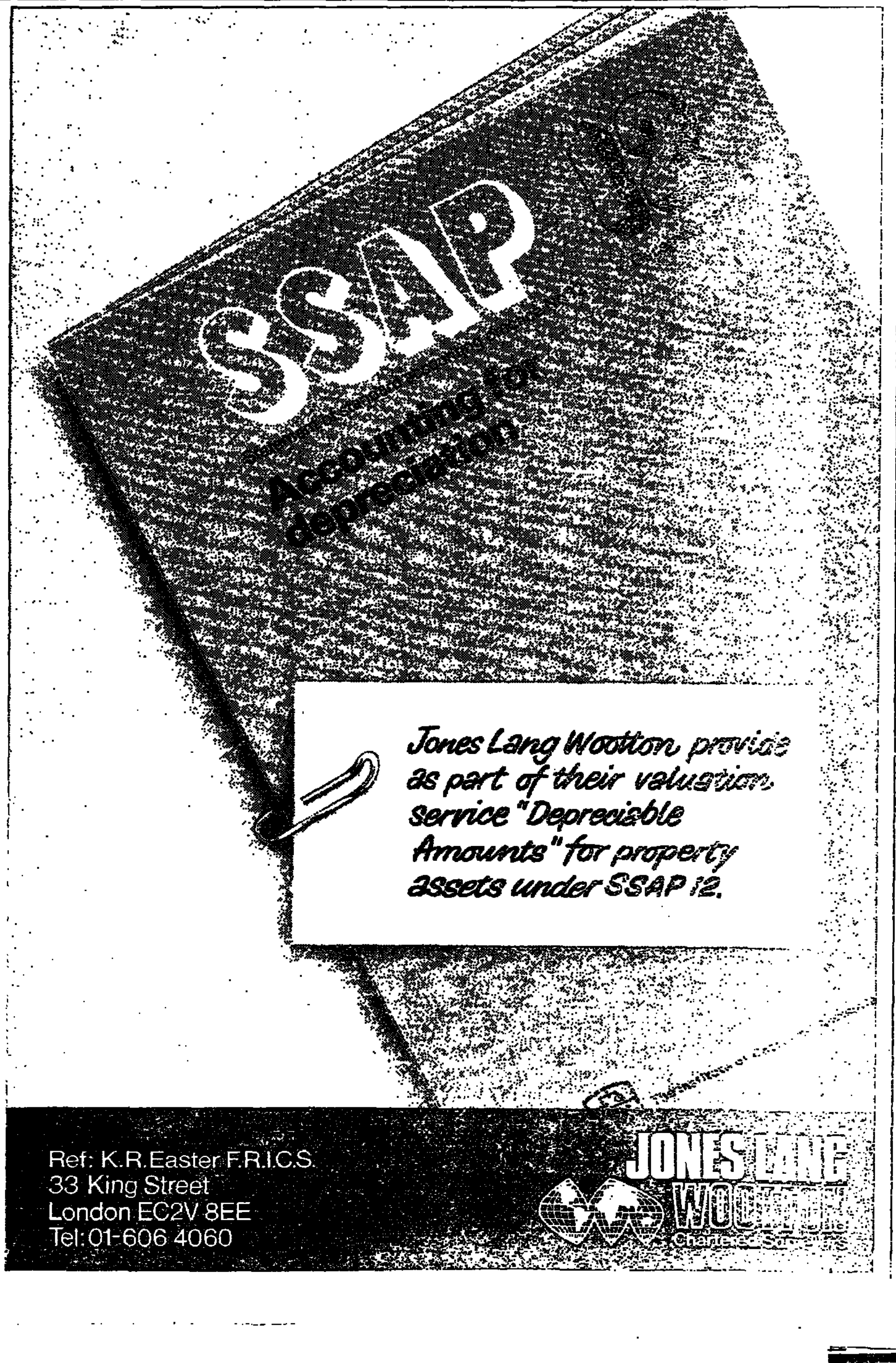
The Board says the recent White Paper on national development for 1978-81 prescribes further strong growth in the economy and, despite a probable reduction in housing output, a broadly favourable environment for the company in 1979 is anticipated.

Last year the group turned in total pre-tax profits of £803,000, against £609,000.

The interim dividend is lifted from 0.9p net per 25p share to 1.3p, and stated earnings per share are ahead from 5.55p to 8.73p. Last year's total payment was 2.8p.

Tax for the period is £148,000 (nil).

The group is a builders' provider, timber importer, wholesale distributor and fuel merchant.



Freddie Mansfield

Mr. Henry Aron, chairman of the Plastics Constructions group, with a fume scrubbing and odour removal unit produced by the company's Midland fabrication division in Birmingham.

Plastic Constructions hit by Israeli associate

INCLUDING a reduced contribution of £18,016, against £54,661, from its Israeli associate, pre-tax profits of Plastic Constructions dropped from a record £507,629 to £452,302 for the year ended September 30, 1978. Sales increased £1.57m to £9.66m.

When reporting first-half profits, excluding the associate, down from £214,446 to £187,937, Mr. H. Aron, the chairman, said that with a record order book the group could look forward to a much improved second six months.

In the event, excluding associate results, second half-profits rose £7,827 compared with the same period of the previous year.

Mr. Aron now reports that turnover for the first quarter of the current year is well ahead of the corresponding period last year, and the group is maintaining a healthy order book, in particular for its fabrication division.

Attributable profits for the 1977-78 year fell from £232,012 to £209,015, after tax of £235,261 (£273,436), a £327 minority credit last time, and exchange losses of £8,884 (£2,508).

Translation differences are now taken to reserves and comparative figures have been adjusted accordingly.

Stated earnings per 10p share were 4.59p (adjusted 4.96p) and the dividend total is effectively lifted from 2.075p to the maximum permitted 2.32p, with a 1.56p final. Payments absorb £77,852 (£69,250) after waivers of £31,797 (£28,819).

The directors have continued the programme of expansion by investment in plant and equipment and the planning of a new 25,000 square feet factory and warehouse in Bolton.

Bond Street Fabrics warns on half-year

Half-year results will be significantly below those for the corresponding period last year, made worse by the industrial climate, warn the directors of Bond Street Fabrics in their statement with the accounts.

In the current year to date, say the directors, the jersey division has not found trading easy, although the Cumnock division has continued to trade satisfactorily. The Currie division has not improved as quickly as was hoped, even after a substantial re-organisation last October.

A statement of source and application of funds shows that working capital increased by £180,528 (£386,010).

The value of exports amounted to £425,947 (£492,989).

Meeting at Leicester on March

Guinness starts well but warns on rising costs

AT the annual meeting of Arthur Guinness Son and Co. yesterday, the Earl of Iveagh, chairman, said that in Great Britain, Guinness stout trade for the first three months of the new year had been maintained at about the same level as last year.

However, the continual rise in costs and the need to fund substantial expenditure on the replacement and improvement of essential plant would oblige the group to increase the selling price, the first increase since March last year.

In Ireland sales of all products—stout, ale and lager—were up in the first quarter, while the year had opened well for overseas brewing operations and the demand for group products throughout the world continued to increase.

The chairman pointed out that the Irish National Budget showed that the Government were committed to growth in the economy, which should be reflected in growing beer sales this year despite the increase in excise duty amounting to 2p a pint.

Guinness Retail Holdings had started the year well and profits from this subsidiary—as well as those from Guinness Morison International—were expected to equal in the current year those for the 17 months included in the accounts under review.

In plastics and materials handling the board expected a prosperous year but this would depend on the return to stability of the UK industrial climate.

Although existing holders of Guinness stock were not affected by the new Irish exchange control regulations following Ireland joining the EMS, restrictions had been placed on the purchase of Guinness stock by Irish residents in common with shares of other British registered companies.

The chairman said he would regret it if Irish residents could not purchase Guinness stock as freely as they had in the past and representations had therefore been made to the Central Bank of Ireland.

It was too soon to give a profit forecast for the current year as there were too many uncertainties, the chairman added. In 1977-78, the group reported pre-tax profits up from £39.5m to £44.9m, on turnover of £642.7m (£498.8m).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals, and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interim—R. and W. Hawthorn Leslie.
Finals—Alcan Aluminium (UK), British American and General Trust, Glasgow Stockholders' Trust, Plastic Construction.

FUTURE DATES

Interims—	
Guildhall Property	Feb. 15
James (John)	Feb. 14
Pullman (R. and J.)	Feb. 21
Finals—	
Allied Insulators	Feb. 22
Anglo American Securities	Feb. 14
Broadstone Investment Trust	Feb. 12
Macpherson (Donald)	Feb. 12
Nottingham Manufacturing	Feb. 13
Royal Insurance	Mar. 1
Wagon Finance	Feb. 16

Noble Grossart up to £1.12m and sees further progress

PROFITS BEFORE tax of Noble Grossart, Edinburgh-based merchant banker, rose from £1.01m to £1.12m in the year to January 31, 1979.

Mr. Angus Grossart, managing director of this unquoted company, says in his annual statement that steady progress was made in all activities during the year. Banking profits exceeded expectations and in a period of generally high liquidity the company began to benefit from higher interest rates in the last two months of the year.

The company's efforts in the energy sector were particularly concentrated in North America where relative values were attractive and the active interest in that area is expected to continue.

Particularly progress was made in investment banking. Although little of this is reflected in the profits for the year, says Mr. Grossart, it is clear that the company will benefit from the prudent use of its increasing resources in this area.

He adds that the company enters its second decade in strong spirits and he is confident that its successful progress will continue.

The dividend for the period under review is lifted from 12.1p to 13.5p and costs £53,571.

Tax takes £567,000 (£470,000). Retained profit stands at £489,578 against £479,093. Total assets amount to £24.31m (£24.8m).

Wm. Ransom improves at six months

From unchanged turnover of £1.22m, taxable profits of William Ransom and Son, manufacturing chemist, rose £26,000 to £258,000 for the half year to September 30, 1978.

The directors say sales in the second half are running slightly ahead of last year, but add that they do not know what effect the current round of industrial disputes will have on the year's results.

For the previous full year, pre-tax profits reached a record £629,379.

Half-yearly tax takes £134,160 (£120,640) leaving stated earnings per 10p share up from 7.44p to 8.27p. The net interim dividend is lifted to 1.297p (1.1816p)—the 1977-78 final was 1.9747p.

Crowther & Nicholson

In a letter to shareholders, the liquidator of Crowther and Nicholson says he has now realised all the assets of the company, including the remainder of Ash Brow Mills.

It now only remains to settle all claims and outstanding liabilities, so that a final distribution to holders can be made.

The liquidator has agreed to pay Mr. J. G. Crowther £26,577, Mr. R. W. Jamieson £10,728 and Mr. G. T. Baxter £3,147 in a full and final settlement of any claim they may have against the company, arising out of the termination of their service agreements.

Shareholders approval of each of the proposed settlements is required at a general meeting to be held on March 1, 1979.

It is anticipated that the final distribution will be 0.8p per ordinary share, making a total distribution of 5.8p.

Warner Estate puts property value at £23m

A directors' valuation of the properties of Warner Estate Holdings having regard to current and potential income and experience of residential property sales, resulted in a £23m estimate at September 30, 1978, compared with the balance sheet figure of £9.55m after depreciation.

In the annual report, the directors say it is still the policy of the group to sell residential properties whenever they become vacant.

The value of such property, subject to rent control, is very much higher when vacant than when it is let, they add.

Reinvestment continues in commercial properties, which now account for 43 per cent of the group's gross rental income, and it is in a strong position to take advantage of further opportunities.

As reported on January 19, pre-tax profits advanced from £798,250 to a peak £1,006,781 for the September 30, 1978 year, on turnover of £5.34m (£4.98m).

J. F. Nash to expand by acquisition

In his annual report, Mr. J. F. Nash, the chairman of J. F. Nash Securities tells shareholders that prospects for the current year are encouraging.

The group will not make acquisitions for their own sake but the chairman hopes there will be at least one major addition to the group this year.

To facilitate possible acquisitions, the directors are recommending an increase in the authorised capital from £960,000 to £1.15m.

Following the purchase of the outstanding 51 per cent of the Little Mill Brick Company, the group now no longer holds any minority interests and marks the completion of the change from a finance house to industrial group, the chairman says.

In future, the Board will only consider an investment where it is possible to acquire a controlling interest. There are several interesting situations under review and the directors are anxious to see the group expand.

For the year ended September 30, 1978, pre-tax profits improved from £757,000 to £841,000 from turnover of £11.25m (£17.18m).

Referring to the loss of £153,000 at the Reliant Motor Company, the chairman says he is convinced the company will make a profit in the current year, but it would be wrong to take for granted that this will be as high as £0.5m.

In a three-year development programme, over £1m will be spent on Reliant to modernise and improve products and production.

Meeting, Birmingham, February 28 at noon.

Transport strike hits Richards

The effects of the transport strike forced Richards, the synthetic yarn manufacturer, to lay off some 500 workers for two weeks, Mr. A. R. Robertson, chairman, told shareholders at the annual meeting. He added that "our industrial textiles divisions, which produces tarpaulin canvas for road haulage, has been doubly hit and reduced to single shift working. There must also be some doubt about the pattern of consumer spending for the remainder of 1979."

The current year had made a promising start, he said, and the board had been looking for a "figure similar to that of our previous record in 1976, but obviously that must now be out of the question.

"Due entirely to the transport strike," he concluded, "our half-yearly results will probably be lower than at March, 1978."

BENN BROTHERS

The turnover of Benn Brothers rose from £4.13m to £4.77m in the six months to December 31, 1978. In yesterday's report the figures were inadvertently transposed.

RESULTS AND ACCOUNTS IN BRIEF

ROWLAND GAUNT (coat and suit manufacturer)—Profit for six months to December 31, 1978, £8,098 (£8,985) before tax £1,400 (nil). No interim (same). Board states that the company is very busy and has a reasonably healthy order book.

FUNDINVEST—Net asset value per capital share at December 31, 1978, 102p (116p at September 30, 1978).

DUALVEST—Net asset value per capital share at December 31, 1978, 375½p (398½p at September 30, 1978).

CAPLAN PROFILE GROUP (furniture maker, etc.)—Results for year to August 31, 1978, with prospects for current year already reported. Fixed assets £2.57m (£1.85m). Net current assets £1.12m (£0.66m). Meeting, Winchester House, E.C., February 22, at 11 a.m.

GRANGE TRUST (investment trust)—Results for year to November 30, 1978, already reported. Net decrease in current assets £189,941 (£176,445 increase). Investments at market value £11.78m (£11.14m). Chairman says although short-term outlook at home and abroad is more than usually obscure, group remains largely committed to equity markets. Meeting, Finsbury Pavement, E.C., February 23, at 12.30 p.m.

Hudson Bay Mining and Smelting Co.—Board has resumed payment of dividends, and declared dividend of 10 cents per share for fourth quarter of 1978. Dividend payable in Canadian funds on March 1 to shareholders of record February 15.

RAEBURN INVESTMENT TRUST—Results for year to November 30, 1978, reported on January 20. Net current assets £4.17m (£3.82m). Valuation of listed investments at year end £47.74m (£45.94m). Total increase in liquidity £408,000 (£932,000). Meeting, 21, Moorfields, EC2, February 23, at 2.30 p.m.

REABROOK INVESTMENT TRUST—Pre-tax revenue half year to November 30, 1978, £15,507 (£44,642). Tax £5,466 (£20,442). Loss attributable to minorities £3,001 (profit £6,444). Attributable profit £13,042 (£17,756). Retained £2,355 (£8,756). Interim 0.5625p (same).

JOHNSON AND BARNES—In consequence of alteration of accounting date to December 31, accounts for the 18 months to December 31, 1978, will not be available for consideration at meeting being held to comply with statutory requirements. Accordingly, it will be proposed, that meeting be adjourned until such time as the accounts are available.

GOUGH COOPER AND CO. (developer of housing estates, etc.)—Results for year to September 30, 1978, already reported. Group fixed assets £3.7m (£2.05m). Net current assets £2.81m (£4.26m). Accounts show £20,000 compensation for loss of office. Chairman says he looks forward to better results in current year, at least as good as in 1976-77. Meeting, Bromley, Kent, March 2, at noon.

D. M. LANCASTER (rayon and nylon fabrics merchant)—No dividend (same) for year to June 30, 1978. Turnover £213,662 (£198,519). Pre-tax profit £10,938 (£831). Tax £5,395 (nil). Deduct extraordinary item £9,190 (£2,247). Earnings per share 0.14p (0.02p).

BIRMINGHAM PALLET GROUP (light engineering)—Results for year ended October 31, 1978, already known. Group fixed assets £624,698 (£578,604), net current assets £383,958 (£266,343). Decrease in net liquid funds of £21,624 (£14,029). Chairman says level of rates to date has been reasonably good. Meeting, Birmingham, March 1, at noon.

NEW THROGMORTON TRUST—Capital loan stock valuation—at February 6, 1979, net asset value per £1 of capital loan stock 157.36p.

EVANS AND OWEN (fashion boutique operator)—For half year to September 30, 1978, turnover £734,256 (£577,831). Pre-tax profit £78,663 (£30,443). Tax £13,475 (£8,781). Add extraordinary items £12,250 (deduct £2,110). Attributable profit £77,458 (£19,552). Earnings per 25p share 13.5p (4.5p). No dividend. There have been substantial initial starting-up costs involved in new venture, Evans and Owen (Wholesale), which may adversely affect full-year results. However, long-term benefit expected to accrue.

ARBUTHNOT GOVERNMENT SECURITIES TRUST—Net profit 108,474 for six months to January 31, 1979. Interim already announced. Board expect dividends for year to July 31, 1979 will total at least 12.5p.

COLONIAL SECURITIES TRUST CO.—Profit for year to December 31, 1978, £281,297 (£256,500) after tax of £184,404 (£171,755). Final dividend 6.5p, making 9p (8.1p). Net asset value 346p (328p) per share.

STEWART AND WIGHT—Turnover for half year to September 23, 1978, £141,501 (£132,728). Group profit £8,657 (£10,887) after tax of £5,155 (£5,046). Interim dividend 3p (7p) pay March 16. Board states that the reduced profit is largely attributable to the lower return from fixed term loans.

M & G GROUP—The first quarterly distribution of National Association of Almshouses Common Investment Fund for the period to November 5, 1979, will be 1.1p per share (1.05p) payable on February 28, 1979. The first quarterly distribution of Charities Narrower Range Common Investment Fund (Charibond) income shares for the same period will be 3p per share (2.5p) payable on February 28, 1979.

WATSON AND PHILIP (distributors of foodstuffs)—Results for year to October 27, 1978, with comments on prospects reported January 26. Fixed assets £2.29m (£2.22m). Net current assets £2.56m (£2.11m). Meeting, Dundee, March 8.

UK COMPANY NEWS

Serck warns of lower profit

SERCK, the engineering group, has told shareholders that profits for the current year are likely to be lower than the £5.15m pre-tax profits reported for the year ending September 30, 1978.

Speaking at the group's AGM in Birmingham yesterday, Mr. R. G. Martin, the chairman, blamed the group's lower profit expectations on the depressed market conditions which "have been aggravated by the transport strike and the crisis in Iran which have severely disrupted deliveries of our products.

"It is evident that the continuing depression in some of our more important market sectors is likely to be prolonged and some retrenchment has been necessary in our valve, heat transfer and tube businesses. Energetic management action is being taken to adjust our facilities and resources to market needs."

Profit rise for Arden Cobden Hotels

Net profit of Arden and Cobden Hotels rose from £57,749 to £86,294 in 1978. Turnover improved to £982,096 compared with £876,000.

After tax of £101,000 (£76,115) earnings per share are shown at 13.5p against 8.93p.

The year's dividend is increased from 3.1p to 3.46p. The group operates the Cobden and Norfolk hotels in Birmingham.

Management changes at Matthews Wrightson

Matthews Wrightson Holdings, the insurance broker with shiping interests, is to change its name and strengthen its board in a major management shake-up.

The name of the group is to be changed to Stewart Wrightson Holdings, the name which is most identified with the group's insurance broking interests.

Insurance broking and other insurance interests account for about nine-tenths of the group's profits.

To the board come Mr. J. M. Bazell, Mr. W. D. Engeham, Mr. A. J. Keys, Mr. P. C. Methley, Mr. P. J. Osborn, and Mr. P. H. Purchon.

Mr. F. A. M. Bray is to retire from the Board. He lives in Bermuda, and is president of Stewart Wrightson Group (Bermuda).

In addition to the new members the Board consists of Mr. E. G. Henry, chairman, Mr. J. D. Rowland, deputy chairman, Mr. G. H. Parham, Mr. D. G. Scholey, Mr. A. R. W. Smithers, and Mr. J. R. S. Wagener.

An executive committee will be headed by Mr. Rowland, and the rest of that team will consist of Mr. Keys, Mr. Methley, Mr. Osborn, Mr. Purchon, and Mr. Wagener.

Approval for the change of the group's name will be sought from shareholders at the annual meeting in June.

COMFORT OFFER

The offer by Comfort Hotels International for City Hotels group has been accepted in respect of 3,427,402 shares—91.4 per cent. The offer is unconditional and remains open.

At an EGM of Comfort, an increase in capital was sanctioned. The balance of City Hotels shares will be acquired compulsorily.

Comfort has been informed that the proposed offer will not be referred to the Monopolies Commission.

Dunbar chief sees profits maintained

Mr. Ronald Scotcher, the chairman of Dunbar and Company, banking and financial concern, is confident that the present year will see further development in the spread and size of operations with profits at least maintained.

He adds that the slowing in industrial activity, likely to be caused by the further increase in oil prices, may have some effect on the narrow financial sector which is the company's principal interest.

As already known pre-tax profit for 1978 rose from £232,879 to £308,864.

All divisions contributed to the profit result and all increased their level of activity.

Mr. Scotcher says the balance-sheet shows that the banking side made noticeable progress during the year without transgressing the guidelines on gearing and liquidity required by the Bank of England.

During the year Dunbar made a modest entry into the business of leasing equipment to customers and, since the year-end, the directors have conditionally agreed to acquire a 40 per cent interest in WRB Colegrave, which provides lease consultancy, brokerage and management services.

Ultimate holding company as at December 31, 1978, was Dunbar (Pall Mall).

General Funds Investment improves

For the year ended January 15, 1979, net revenue of the General Funds Investment Trust improved from £279,193 to £325,821.

The final dividend is 3.45p, making a total of 5.45p compared with 4.7p previously.

Total assets at the year-end amounted to £23.27m (£18.05m) and asset value per 25p ordinary was 266.83p against 201.47p. Asset value of the 10p convertible ordinary was 229.47p (169.23p).

JOHN BRIGHT BIDS FOR ASH SPINNING

The bidder for Ash Spinning, the Lancashire cotton yarns group, turns out to be the John Bright Group which produces specially reinforced yarns. Ash's board is welcoming the offer.

Bright is proposing to pay 110p per share in cash for the company, which compares with yesterday's price, ahead of the details, of 108p and the 80p prior to the news of the approach.

The directors of Ash, who own 7.6 per cent of the shares, intend to accept on the advice of ICFC Corporate Finance. Bright's advisor is Kleinwort Benson.

SHARE STAKES

Duple International: Mr. G. D. J. Hay, director, has disposed of 75,000 shares at 23½p; Mr. A. G. Gibbins, director, has disposed of 85,000 shares at 23½p; and Mr. G. B. Church, director, has disposed of 56,666 shares at 23½p.

BIDS AND DEALS

Intereuropean suspended on bid approach

MR. LAURIE MARSH, chairman of Intereuropean Property Holdings, the Classic cinemas and property group, suspended his company's shares on the market yesterday while he holds talks with a possible bidder.

The share price had moved up by 5p on Wednesday to 57p, the level at suspension, but with no clear evidence of where the buying interest originated. Mr. Marsh and fellow director Mr. J. S. Kornis, hold 34.5 per cent of the equity, according to the report and accounts which were published only on Monday. No one else seems to have more than 5 per cent of the shares.

At 57p Intereuropean is worth £8m, more than double the market value this time last year.

But, as the accounts show, 1978 saw the group swing round from losses of around £1m pre tax to profits of a similar size. The key was property sales to the tune of £15m which halved interest charges and wiped more than £10m off borrowings which had been £23m.

The remaining properties are still said to be worth £22m but the group's fortunes depend not on property income (apparently still in deficit at the pre-tax level) but on the Classic cinema chain and the film distribution side which produced exactly half of the pre-interest profits.

In his chairman's statement Mr. Marsh says that record attendances are being maintained at the cinemas where expansion and redevelopment continues. Profits in the current year, he says, "are already running well in excess of the corresponding period and prospects are extremely satisfactory."

The market is expecting the bidder to emerge from companies with significant leisure interests. Intereuropean, for interest, lets a chain of bingo halls to Mecca, the Grand Metropolitan subsidiary and the rents there, totalling £360,000 last year, came up for review just after the July year end.

UBM SELLS GARAGE GROUP

UBM Group has sold Jeremy's Garages, its Ford main dealership in Haverfordwest, to W. H. Baker (Merthyr Tydfil) for £327,000 cash.

This is in accordance with an undertaking given at the time of the acquisition by UBM of the Godfrey Group of Motor Companies from the Hodge Group.

UNILEVER SALE IN SOLOMON ISLANDS

The Solomon Islands government will acquire a 40 per cent stake in the Unilever offshoot, Lever's Plantations.

A spokesman for the Government said it provided 1m Solomon Island dollars in its 1979 budget as an initial payment for the acquisition.

The company, to be renamed Lever Solomons, will undertake a $15m development programme over the next 10 years to plant or replant 14,200 acres of coconuts with high yielding hybrid palms for copra production, and 3,000 acres of cocoa trees.

The Government will altogether invest $3.8m in the scheme, using funds from the British Independence financial settlement. But after that, development is expected to be self-financing, the spokesman added.

The scheme is subject to approval by the Solomons Cabinet and Unilever.

The islands, east of Papua New Guinea, were a British protectorate until last year.

CU sells 30% of South African subsidiary to Gold Fields

The Commercial Union Assurance Company has agreed in principle with Gold Fields of South Africa for the latter to acquire 30 per cent of the equity capital of Commercial Union Assurance Company of South Africa, at present a wholly owned subsidiary of CU. The consideration is approximately R4m (£2.3m).

CUSA was formed in 1964 to take over the business written in South Africa by the CU. It expanded rapidly through the merger with the operation of The Northern Employers' Liability Assurance in 1969 and the acquisition of The Pearl Assurance Company of South Africa in 1973. The company transacts both life and general business. Its written premiums in 1977 on short-term business amounted to R43.3m (£24.7m).

This sale implements the undertaking given by the CU to the then Minister of Finance on the establishment of CUSA that at an appropriate time local participation would be introduced. GFSA has had an association with CUSA over many years and has been represented on the board since inception. This acquisition, however, represents a broadening of its portfolio investment, rather than diversification into new interests.

It is intended that further local participation will be obtained at the appropriate time with a view to listing the shares of CUSA on the Johannesburg Stock Exchange. Commercial Union intends to enter into a consultancy agreement with CUSA so that it can have access to the technical expertise and know-how of the CU group.

Mr. Jack Emms, the general manager of CU, stated emphatically that there were no political undertones in this sale. It simply represented the fulfilment of an undertaking given many years ago. Since the South African business accounted for ¼ per cent of the group's world-wide assets, it could not be regarded as a significant event.

CALEDONIAN SAYS REJECT LMI

The directors of Caledonian Holdings last night advised shareholders to reject a bid for the company by London and Midland Industrials and described the approach as "opportunistic."

They said that LMI's offer, which values Caledonian at around £8.4m, was "wholly inadequate as a takeover price to acquire control of a successful public company."

Caledonian came to the market just over a week ago and received the LMI bid within 24 hours. Its previous owners, Stenhouse Holdings, received £5.94m through its flotation.

Last night Caledonian's shares jumped by 7p to 100p to give a market capitalisation of £10m. The shares are standing at a premium of 35p above the original offer price and around 14p above LMI's bid price.

In their statement, Caledonian directors said they would give their detailed reasons for advising rejection of the bid in a letter to shareholders today.

LMI launched its bid for full control of Caledonian after building up a near 30 per cent stake under the offer for sale and buying the market.

In its formal offer document, LMI points out that Caledonian shareholders will, under the terms of the offer, receive an increase in income as an Ordinary LMI shareholder of about 22 per cent.

LMI is bidding for just over 7m Caledonian shares on the basis of six LMI for every seven of Caledonian. There is a cash alternative of 80p per share.

In the meantime Caledonian claims that it has received "several other approaches," including one interested in the company's home improvement division.

NORWEST CHIEF IN DUNHAM SHARE DEAL

Mr. E. A. Brian, chief executive of civil engineering group Norwest Holst, has bought a 25 per cent shareholding in Dunham Mount Holdings, the company which has a near 60 per cent stake in Norwest Holst.

Mr. Brian has purchased his stake from the two owners of Dunham Mount, Mr. A. J. Lilley and Mr. R. Slater, both directors of Norwest. They have each sold 12.5 per cent of the capital of Dunham Mount to Mr. Brian, for an undisclosed sum.

BACOFOIL PURCHASE

Bacofoil has reached agreement with Alcoa of Great Britain to buy the business and assets of the formed foil container department of Alcoa Foils (GB). Bacofoil, which is a wholly owned subsidiary of The British Aluminium Company, will develop its new foil container business as an independent unit in parallel with its other aluminium foil operations.

Wereldhave backs up EPC offer

DUTCH PROPERTY group Wereldhave, which has made a £50.2m cash takeover bid for English Property Corporation, said yesterday that EPC will "remain trapped in its vicious circle" if the offer fails.

Supporting its revised 46p a share offer, Wereldhave says that it is reasonable to infer that Eagle Star, which has a 27.2 per cent stake in EPC and which earlier made its own 44p bid, "positively wishes to dispose of its EPC investment and considers that 46p per ordinary share is a fair price."

Listing its reasons why EPC shareholders should accept its offer, the Dutch property group says that, despite revaluing its properties, EPC's published net asset value has fallen by 32 per cent during 1978 and that the company's reserves have fallen for the sixth consecutive year. Wereldhave also says EPC has "enormous debts" and is badly placed to withstand rises in interest rates.

In examining what it describes as "certain disturbing features of the EPC unaudited draft accounts. Wereldhave says that the company has only managed to show profits by capitalising large amounts of interest relating to investment properties and practically all these have been paid out in dividends.

It says that if all the capitalised interest relating to UK and European properties had been written off in the 1977 revenue account, there would have been a large revenue deficit instead of the announced surplus.

Much of the Dutch company's attention is turned towards EPC's investment in its Canadian-based Trizec associate which, Wereldhave again points out, EPC does not control. It claims that the value of Trizec in the 1978 balance sheet is inflated, and points out that the £52m book value is arrived at not only by consolidating Trizec's figures in EPC's accounts but also by revaluing Trizec's assets at 'far above" the values at which they stand in the company's own accounts.

Wereldhave emphasises that EPC receives practically no income from its Canadian investment and says that the larger part of it cannot readily be either disposed of or be used as security for borrowings, because it forms a minority holding in a private company (Carena).

The Dutch group says that although EPC shows the Trizec investment at £52m, the current market capitalisation of its effective 50 per cent stake in Trizec would be only £36.5m. When a deduction is made for the borrowings and preference shares of Carena, the value of EPC's interest reduces, says Wereldhave, to £20m.

Last night Mr. Stanley Honeyman, chief executive of EPC, said that the Dutch document was "entirely predictable" and did not alter the Board's position. He would be writing again to shareholders.

CAMPBELL'S ACQUISITION

Campbell's Soups, of King's Lynn, Norfolk, has acquired 52 per cent of the shares in Unger Meats, Manchester, processor of quick-frozen meats and meat products for catering and retail outlets.

Bids—Bacofoil outlets—70 7 —

CES PURCHASE

Combined English Stores Group has bought the capital of Gordon Fabrics and F. Gordon and Son for £1,047,000 cash, of which £532,000 was paid on completion and £515,000 is payable on December 31, 1979.

The companies carry on the business of wholesalers and importers of upholstery and curtain fabrics. Book value of the consolidated net tangible assets at June 30, 1978, was £703,000, after deducting £145,000 for deferred tax. Consolidated profit before tax for the year ended on that date, was £218,000.

LIT SELLS 3% OF CLAIRMACE

Barely two months after the Boardroom change at London Investment Trust (formerly Catel Trust) when Mr. Oliver Jessel and his colleagues departed, LIT has sold 150,000 shares (3 per cent) of Clairmace, the unlisted former tea company controlled by Mr. Jessel.

Clairmace lost its quotation in 1976. Since then its capital base has been increased to £500,000, and a requotation application has been promised. Meanwhile there is a steady market in the shares under Rule 163.

MORAN TEA

The directors of Moran Tea Holdings announce that the undertaking of its wholly-owned subsidiary Moran Tea Company has been transferred to the Moran Tea Company (India) in compliance with the Indian Foreign Exchange Regulation Act 1973.

Underwriting has been completed whereby 26 per cent of the equity capital of Moran Tea India is being offered to Indian nationals for subscription in cash. Moran Tea Holdings will own the remaining 74 per cent of the capital of Moran Tea India.

BURNETT AND HALLAMSHIRE

Hallam Polymers—a subsidiary of Burnett and Hallamshire Holdings—has acquired from Charles Walker Consolidated its cast solid polyurethane business, previously operated by Betathane (a wholly owned subsidiary) with effect from January 1, 1979. This business has now been transferred to Mallam's factory at Dronfield, Sheffield, which has been extended to 20,000 sq ft. The company will utilise both the existing trade name V-Thane and the newly acquired Betathane for its various products.

BANK RETURN

—	Wednesday February 7, 1979	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	26,624,125	— 5,787 394
Special Deposits	1,112,560,000	—
Bankers Deposits	467,871,751	— 48,507,103
Reserves & other Accounts	696,471,887	— 35,028,466
	2,318,080,765	— 31,266,031
ASSETS		
Government Securities	1,918,131,087	+ 28,509,999
Advances & Other Accounts	207,170,434	— 33,099,522
Premises, Equipment & Other Secs.	182,369,101	— 19,791,979
Notes	10,203,940	— 6,913,637
Coin	206,201	+ 29,108
	2,318,080,763	— 31,266,031
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	8,800,000,000	+ 25,000,000
In Circulation	8,789,796,060	+ 31,913,637
In Banking Department	10,203,940	— 6,913,637
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	7,735,010,391	+ 7,209,199
Other Securities	1,053,974,509	— 17 790,801
	8,800,000,000	+ 25,000,000

MINING NEWS

Poseidon makes a profit

BY KENNETH MARSTON, MINING EDITOR

NOW back in business as a listed company after its 27-month spell in the hands of the receiver, Australia's once-famous Poseidon announces an unaudited consolidated net profit for the six months to December 31 of A$1.41m (£800,000).

Poseidon's Mount Windarra nickel mine is now jointly owned by Shell Australia and Western Mining. Income for Poseidon is provided by the company's 47 per cent stake in Kalgoorlie Lake View, a further 47 per cent in which is held by Gold Mines of Kalgoorlie with the remaining 6 per cent being owned by Western Mining.

Kalgoorlie Lake View holds 52 per cent of Kalgoorlie Mining Associates which is carrying on profitable gold mining operations along Western Australia's once renowned Golden Miles. As already reported, KMA raised gold production to 64,701 oz. in the 28 weeks to January 9 thanks to a rise in the ore grade to 5.68 grammes per tonne from 3.84 grammes.

As part of its planned come-back—the company still owns six exploration leases in Western Australia—Poseidon is currently aiming to raise some A$1.7m via a rights issue of one new share at par (20 cents, or 11.4p) for each share held. The existing shares were around 54p in London yesterday while the new in nil paid form were about 36p.

Many UK shareholders, however, have only just begun to receive the relevant allotment letters, while the application money is payable in full by February 16.

Time is thus running out and holders need to protect their interests by either selling, or taking up, their rights. The only advice that can be offered to those who have not yet received application forms is for them to write to the company, announcing their intentions and asking for the offer closing date to be extended.

The company's registered office is at: 33, King William Street, Adelaide 5000, South Australia.

Amax specifies Mount Tolman ore grades

AMAX, the diversified U.S. minerals group and the dominant force in the international molybdenum market, announced that its Mount Tolman prospect in the state of Washington contains estimated mineralisation of 300m tons with an average grade of 0.13 per cent molybdenum disulphide at a cut-off grade of 0.10 per cent.

The group, therefore, has an extensive but very low-grade deposit to add to its molybdenum stocks. Comporative grades at its Climax and Henderson mines in Colorado are 0.299 per cent and 0.421 per cent respectively.

This would suggest that the Mount Emmons deposit in Colorado, where the grade is 0.4 per cent with a lower tonnage of mineralisation, is likely to receive a higher priority in Amax's development plans. However, Amax has signalled its readiness to develop low-grade deposits with its plans for the reopening of the Kitsault mine in British Columbia, where the grade is 0.192 per cent.

At Mount Tolman there is a sweetener, although not a very definite one, in the shape of copper at a grade of 0.13 per cent. Further, the nature of deposit makes opencast mining a possibility.

But Amax stressed that the commercial feasibility of Mount Tolman had not been determined: there needs to be more drilling, testing and economic appraisals. Its work at the deposit is what it calls a "co-operative venture" with Colville Confederated Tribes.

Australians boost capital spending

OVERALL EXPENDITURE in the Australian mining industry is likely to increase by a quarter in 1979 over 1978 to a total of more than A$1.0bn (£568m), according to a survey conducted by the Australian Mining Industry Council.

The survey covered the performance over the last year, and the expectations of more than 100 companies. But local observers were quick to qualify the figures, noting that previous predictions of industry spending tended to over-state eventual spending.

The thrust of spending will be directed more towards mining, smelting and refining than towards exploration, the survey showed.

Looking at the industry as a whole, the survey found that in 1978 profits and employment fell by 3 per cent, compared with the previous year, while the return on investment was 10 per cent lower.

Aggregate net earnings of the respondents to the survey—and they embraced exploration companies without mining operations and established mining and processing concerns—came to A$456m. The dividends paid amounted to A$331m while total taxes to both the state and federal authorities came to A$638m. Over half the respondents did not trade profitably.

ROUND-UP

Earnings for 1978 of Benguet Consolidated, the gold and other mining conglomerate in the Philippines, rose to a record Pesos 77.96m (£5.3m) from Pesos 60.28m in 1977. The latest earnings equal Pesos 3.05 per share, but no dividends have been paid for 1978, and none are planned for 1979, because of restrictions under the $85m financing package for a copper and gold project. The rise in last year's earnings was mainly atributable to the Engineering Equipment subsidiary and chromite sales.

* * *

Fluor Corporation, the U.S. engineering and management services group, has started the final phase of construction at a $40m (£20m) uranium mine and processing facility near Ljubljana, Yugoslavia. The work will be carried out by Yugoslav contractors working under Fluor supervision. The mill will have a capacity of 600,000 lb of uranium oxide a year when completed in 1981 for Rudnik Urana Zirovski, an organisation created by Slovenian power utilities.

* * *

Higher gold prices have raised profits of Australia's Central Norseman Gold to A$5.96m (£3.38m) for the 28 weeks to January 9. They compare with A$3.62m a year ago. A third dividend of 50 cents is declared making 150 cents for the financial year to date against 65 cents a year ago. A stake of 50.48 per cent in the company is held by Western Mining.

Ayer Hitam's tin production

AFTER THE jump in December, tin concentrate output at Malaysia's Ayer Hitam returned to more normal proportions last month. The total for the past seven months of the company's financial year is brought to 1,370 tonnes against 972 tonnes in the same period of 1977-78.

Berjuntai, which now pays a tribute of 10 per cent on some of its leases to the Selangor State Government company, raised output in January but the nine-month total lags at 3,150 tonnes against 3,781 tonnes.

Tongkah Harbour did well last last month and the operation's seven-month total is brought up to 448 tonnes against 288 tonnes a year ago. Southern Malayan, however, did less well, but the seven-month total is still ahead at 1,551 tonnes against 1,209 tonnes.

	Jan. tonnes	Dec. tonnes	Nov. tonnes
Aokam	119	120	144
Ayer Titam	188	335	193
Berjuntai	353	287	267
Kamunting	46	43	40
Kramat	6	28	34
Kuala Kampar	19	18	18
Lower Perak	18	24	27
Malayan	232	230	241
S. Kinta Cons.	153	156	150
Sthn. Malayan	212	247	216
Sungei Besi	224	218	230
Tongkah Harbr.	110	45	26
Tronoh Mines	174	161	206

ANGLO AMERICAN CORPORATION—Coal division sales output for January (figures in metric tons). Republic of South Africa—Bituminous: Amalgamated (Cornelia) 333,417; Anglo Power (Arnot) 468,418, (Kriel) 463,022; Blesbok 16,170; Coronation (Bank) 175,897; New Largo 97,692; SA Coal Ests. 332,561; Springbok 164,787; Springfield 277,722; Vryheid Coal (coal) 21,373, (coke) 43,028. Other Collieries: Vierfontein 130,608; Zuinguin Natal's Indumeni Colliery 31,073. Anthracitic: Balgray 34,008; Natal Anthracite 60,298. Rhodesia: Wankie (coal) 210,730, (coke) 13,299. Swaziland: Swaziland Collieries' Mpaka Mine 16,137. Botswana: Morupule 27,494. Group total 2,917,735.

OIL AND GAS NEWS

Gulf-Canada buys into oil storage project

Gulf Canada says it has purchased the interests of Murphy Oil and North Canadian Oils to become an equal partners with Home Oil in a plan to store oil and possibly other petroleum products in underground salt domes in the McIntyre Lake area of Cape Breton, Nova Scotia. Gulf Canada had no previous interest in the venture.

Gulf Canada operates an 87,000-barrel a day refinery and marine terminal about ten miles from the McIntyre Lake area. The company says the salt domes will be flushed out to provide large caverns for storage.

Gulf Canada says that under the joint venture Home Oil will operate the underground storage facilities and pipeline and Gulf will continue to own and operate the dock and loading facilities.

Home Oil submitted a proposal for underground storage on January 23 to the U.S. Department of Energy which is developing a strategic crude oil storage programme.

Gulf Canada also says that it and Home Oil believe the project has also the potential for the trans-shipment of crude oil to refineries on the east coast of North America, storage of petroleum products for the New England region of the U.S. and as a strategic storage site for Canada.

Sterling and dollar erratic

Trading in yesterday's foreign exchange market appeared to be fairly orderly until the last half-hour, when sterling reacted strongly to a statement by Mr. Denis Healey, Chancellor of the Exchequer, that UK gold reserves, SDRs and other convertible currencies would be revalued on every March 31. From an opening level of $2.0110-$2.0220 against the dollar, sterling improved to $2.0150 but came back to $2.0100 at around 3 pm. In the next 30 minutes it fell to its low for the day of $1.9960. On Healey's statement it rose sharply to $2.0075 and closed at $2.0040-2.0060, a fall of 90 points from Wednesday's close. Conditions towards the close of trading were extremely confused with correspondingly wider spreads.

On Bank of England figures the pound's trade-weighted index fell to 63.4 from 63.5, having stood at 63.6 at noon and 63.5 in the morning.

The dollar lost ground initially, although various central banks were quick to lend a hand and the U.S. unit traded fairly steadily until a statement by Mr. Michael Blumenthal, U.S. Treasury Secretary, which underlined the U.S. authorities' determination to maintain orderly conditions in the foreign exchange market. Against the D-mark it fell to DM 1.8380 during the morning before improving to DM 1.8570 and closing at DM 1.8495, compared with Wednesday's close of DM 1.8390. Similarly against the Swass franc it touched SwFr 1.6550 early on, rose to a peak of SwFr 1.6760 and finished at SwFr 1.6600 against SwFr 1.6555 previously.

The Japanese yen was also easier at Y198.125 from Y195.80. On Morgan Guaranty figures at noon in New York, the dollar's trade-weighted average depreciation narrowed to 8.6 per cent from 9.1 per cent. On Bank of England figures, its index improved from 83.4 to 84.0.

NEW YORK—Following the statement by U.S. Treasury Secretary that the U.S. authorities would act to prevent disorderly conditions in the foreign exchange market, the dollar improved against most currencies, although dealers were loath to say how sustained the recovery might be. Against the D-mark the U.S. unit was quoted at DM 1.8460 compared with DM 1.8350 and was also firmer against the Swiss franc at SwFr 1.6625 from SwFr 1.6445 previously. Sterling eased from $2.0150 on Wednesday to $2.0085.

FRANKFURT—The dollar was fixed at DM 1.8402 yesterday, compared with Wednesday's level of DM 1.8469, and the Bundesbank intervened by buying around $5m. The U.S. unit opened at DM 1.8385 and trading remained nervous in the light of the present oil situation and the continued rise in the price of gold. The dollar was quoted at DM 1.8400 soon after the fixing in slightly steadier trading.

MILAN—The dollar performed in much the same way and for the same reasons against the lira yesterday as it did against other major currencies. At the fixing it fell to L832.95 from Wednesday's level of L834.70, and there was little evidence of any appreciable intervention by the Bank of Italy. In fact the fixing only accounted for some $12m. Against other currencies, the lira showed a weaker tendency and fell to L452.29 from L452.11 against the D-mark, while the Swiss franc improved to L502.05 from L500.25.

TOKYO—The dollar continued to lose ground yesterday against the yen in rather hectic trading, and closed at Y196.70 compared with Y197.625 on Wednesday. A statement by U.S. Energy Secretary, James Schlesinger, that the present crisis in Iran may have worse effects than the 1973 oil embargo, sent the U.S. unit sharply lower in early trading. At one point it touched Y194.60 but started to recover soon after on demand for import settlements. Technical manoeuvres by banks during the afternoon pushed it higher still and its best level for the day was Y196.10. However, confidence in the dollar remained at a generally low level, with the market easily swayed either way on current factors.

THE POUND SPOT / FORWARD AGAINST £

Feb. 8	Bank rate %	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	9½	1.9960-2.0150	2.0040-2.0060	0.58-0.48c. pm	3.17	1.68-1.58c. pm	3.25
Canadian$	11¼	2.3830-2.4025	2.3935-2.3955	0.65-0.55c. pm	3.01	2.05-1.95c. pm	3.34
Guilder	6½	3.99-4.02½	3.99½-4.00½	2⅝-1⅝ c. pm	6.38	8-7 c. pm	7.5
Belgian F	6	58.25-58.65	58.40-58.50	25-15 c. pm	4.11	90-80 c. pm	5.82
Danish K	8	10.23-10.29	10.27-10.28	1½ orepm-½dis	0.58	2½-1½ore pm	0.78
D mark	3	3.69-3.72½	3.70-3.71	3⅝-2⅝ pf pm	9.31	9¾-8¾ pf pm	10.12
Port. Esc.	18	94.00-95.00	94.20-94.60	40-110 c. dis	-10.17	55-255 c. dis	-6.57
Span. Pes.	8	138.75-139.10	138.80-138.90	30-80 c. dis	-4.75	95-185 c. dis	-3.89
Lira	10½	1,670-1,678	1,670-1,672	2lrpm-par	-0.79	5-2 lire pm	0.84
Nrwgn. K.	7	10.17-10.21	10.17-10.18	4¼-2¼ ore pm	3.83	12¾-10¾orepm	4.62
French Fr.	9½	8.48½-8.55½	8.50½-8.51½	4½-3½c. pm	5.64	13½-12½ c. pm	6.11
SwedishKr	6½	8.71-8.76	8.71½-8.72½	4-2 ore pm	4.13	12-10ore pm	5.05
Yen	3½	392-402	396-398	4.00-3.70c. pm	11.64	11.05-10.75 c pm	10.95
AustriaSch	3¾	27.10-27.25	27.15-27.20	20-10 gro pm	6.62	58-48 gro pm	7.80
Swiss Fr.	1	3.31-3.36	3.31½-3.32½	4-3 c. pm	12.66	12-11 c. pm	13.86

Belgium rate is for convertible francs. Financial franc 59.50-59.60.

Six-month forward dollar 3.05-2.95c pm, 12-month 5.25-5.15c pm.

THE DOLLAR SPOT AND FORWARD

Feb. 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK	1.9960-2.0150	2.0040-2.0060	0.58-0.48c pm	3.17	1.68-1.58c pm	3.25
Ireland	1.9960-2.0150	2.0040-2.0060	0.58-0.48c pm	3.17	1.68-1.58c pm	3.25
Canada†	83.71-83.86	83.77-83.80	0.4-0.1c dis	-0.54	0.1-0.4c pm	0.19
Nethlnd.	1.9870-2.0035	2.0015-2.0035	0.66-0.61c pm	4.20	2.30-2.22c pm	4.66
Belgium	28.99-29.08	29.05-29.07	5½-4½c pm	2.47	21-19½c pm	2.83
Denmark	5.0995-5.1150	5.1125-5.1150	1.00-1.50ore dis	-3.15	3.00-3.50ore dis	-2.55
W. Ger.	1.8380-1.8540	1.8525-1.8540	1.07-0.97pf pm	6.63	3.28-3.18pf pm	6.78
Portugal	46.93-47.35	47.25-47.35	27-37c dis	-8.12	50-115c dis	-6.98
Spain	69.02-69.25	69.18-69.25	20-30c dis	-4.85	77-100c dis	-5.13
Italy	832.60-836.25	834.50-836.25	1.00-1.40lire dis	-1.73	3.30-3.80lire dis	-1.70
Norway	5.0610-5.0740	5.0700-5.0710	0.75-0.35ore pm	1.27	2.10-1.70ore pm	1.50
France	4.2285-4.2575	4.2525-4.2575	1.25-1.10c pm	3.55	3.60-3.40c pm	3.23
Sweden	4.3360-4.3445	4.3405-4.3415	0.70-0.50ore pm	1.66	2.35-2.15ore pm	2.07
Japan	196.65-198.40	198.20-198.40	1.40-1.30y pm	9.13	3.95-3.80y pm	8.02
Austria	13.46½-13.55½	13.54½-13.55½	7.00-6.25gro pm	6.31	21½-19½gro pm	6.08
Switz.	1.6580-1.6715	1.6695-1.6715	1.40-1.30c pm	10.63	4.48-4.38c pm	10.74

† U.S. cents per Canadian $.

CURRENCY RATES

February 7	Special Drawing Rights	European Unit of Account
Sterling	0.643209	0.676673
U.S. dollar	1.29182	1.35896
Canadian dollar	1.54205	1.62131
Austrian schilling	17.4751	18.3673
Belgian franc	37.5820	39.5356
Danish krone	6.60443	6.94770
Deutsche Mark	2.38586	2.51041
Guilder	2.57718	2.71113
French franc	5.48830	5.77016
Lira	1078.35	1135.07
Yen	255.780	267.060
Norwegian krone	6.54242	6.88774
Peseta	89.4353	93.9591
Swedish krona	5.62071	5.90392
Swiss franc	2.15605	2.26488

CURRENCY MOVEMENTS

February 8	Bank of England Index	Morgan Guaranty changes %
Sterling	63.40	-40.8
U.S. dollar	83.98	-8.6
Canadian dollar	78.58	-18.8
Austrian schilling	147.17	+20.3
Belgian franc	114.66	+15.5
Danish krone	119.11	+7.8
Deutsche Mark	150.24	+41.6
Swiss franc	194.76	+82.2
Guilder	124.77	+20.7
French franc	99.72	-6.8
Lira	54.42	-49.0
Yen	145.71	+43.9

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Feb. 8	£	$		£ Note Rates
Argentina Peso	2,132-2,152	1063-1073	Austria	26.75-27.75
Australia Dollar	1.7585-1.7635	0.8770-0.8795	Belgium	59-60.
Brazil Cruzeiro	43.04-44.04	21.47-21.97	Denmark	10.20-10.30
Finland Markka	7.93-7.94	3.9465-3.9485	France	8.48-8.58
Greek Drachma	72.800-73.963	36.00-36.90	Germany	3.65-3.75
Hong Kong Dollar	9.58¼-9.60¼	4.7870-4.8010	Italy	1,650-1,700
Iran Rial	153.40-163.40	76½-81½	Japan	395-405
Kuwait Dinar (KD)	0.544-0.554	0.2732-0.2733	Netherlands	3.95-4.05
Luxembourg Frc.	58.40-58.50	29.10-29.15	Norway	10.12-10.22
Malaysia Dollar	4.37¼-4.39¼	2.1840-2.1870	Portugal	90-99
New Zealand Dlr.	1.8945-1.9005	0.9450-0.9480	Spain	140.50-145.50
Saudi Arab. Riyal	6.70-6.80	3.3620-3.3670	Switzerland	3.30-3.40
Singapore Dollar	4.3275-4.3425	2.1620-2.1640	United States	2.0050-2.0150
Sth. African Rand	1.7056-1.7302	0.8508-0.8630	Yugoslavia	40.5-42.5

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Feb. 8	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.005	3.705	397.0	8.510	3.320	4.000	1671.	2.395	58.45
U.S. Dollar	0.499	1.	1.848	198.0	4.244	1.656	1.995	833.4	1.194	29.15
Deutsche mark	0.270	0.541	1.	107.2	2.297	0.896	1.080	451.0	0.646	15.78
Japanese Yen 1,000	2.519	5.050	9.332	1000.	21.44	8.363	10.08	4209.	6.031	147.2
French Franc 10	1.175	2.356	4.354	466.5	10.	3.901	4.700	1964.	2.814	68.68
Swiss Franc	0.301	0.604	1.116	119.6	2.563	1.	1.205	503.3	0.721	17.61
Dutch Guilder	0.250	0.501	0.926	99.25	2.128	0.830	1.	417.8	0.599	14.61
Italian Lira 1,000	0.598	1.200	2.217	237.6	5.093	1.987	2.394	1000.	1.433	34.98
Canadian Dollar	0.418	0.837	1.547	165.8	3.554	1.387	1.670	697.8	1.	24.41
Belgian Franc 100	1.711	3.430	6.339	679.2	14.56	5.680	6.843	2859.	4.097	100.

EURO-CURRENCY INTEREST RATES

Feb. 8	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	12¾-13	10⅛-10⅜	8¾-9¼	6⅞-7	par-⅛	3¼-3⅜	6⅜-6⅝	7-10	—	2⅛-3⅛
7 day's notice	12⅞-13⅛	10¼-10½	8⅝-9⅝	6¾-7	par-⅛	3 1/16-3 3/16	6¾-7	10-11	10⅜-10½	⅝-1⅞
Month	13¾-13⅞	10½-10⅞	10⅝-11	6⅜-6⅝	par-⅛	3½-3⅝	7-7¼	12-13	10¼-10⅜	1⅛-1⅜
Three months	13⅞-14	10 11/16-11 1/16	10¾-11⅛	6¼-6½	1/16-3/16	3⅝-3⅞	7⅝-7⅞	12½-13⅛	10⅝-10¾	2¾-3⅛
Six months	13⅞-14	11⅛-11⅜	10 13/16-11 3/16	6¼-6½	¼-⅜	4-4⅛	8⅜-8⅝	13-14	10 13/16-11 1/16	3⅛-3⅜
One year	13⅛-13⅝	11 1/16-11 7/16	10 13/16-11 3/16	6⅜-6⅝	⅛-⅜	4⅜-4½	9-9¼	13½-14½	10⅞-11	3 3/16-3 7/16

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.45-10.55 per cent; three months 10.70-10.80 per cent; six months 11.00-11.10 per cent; one year 11.00-11.10 per cent.

Long-term Eurodollar deposits: two years 10½-10⅝ per cent; three years 10 9/16-10 11/16 per cent; four years 10 9/16-10 11/16 per cent; five years 10 9/16-10 11/16 per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars: two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

New York rates steady

Federal funds were steady around 10 1/16-10 3/16 per cent in New York yesterday, fairly close to the presumed Federal Reserve target rate of 10-10¼ per cent. Treasury bill rates were mixed, with 13-week bills unchanged at 9.24 per cent, and 26-week bills slightly firmer at 9.41 per cent compared with 9.38 per cent on Wednesday.

PARIS—Money market rates were easier, with call money falling to 6 9/16 per cent from 7 per cent; one-month to 6 9/16-6¾ per cent from 6 11/16-6 13/16 per cent; three-month to 6 11/16-6 13/16 per cent from 6¾-6⅞ per cent; and six-month to 6 13/16-6 15/16 per cent from 6⅞-7 per cent; 12-month rose to 7¼-7⅜ per cent from 7 3/16-7 5/16 per cent.

FRANKFURT — Call money eased to 3.75-3.85 per cent from 3.9-4.0 per cent. One-month was unchanged at 3.8-3.9 per cent; three-month at 4.1-4.2 per cent; six-month at 4.2-4.3 per cent; but 12-month rose to 4.6-4.75 per cent from 4.5-4.7 per cent.

AMSTERADM — Call money rose to 7¼-7½ per cent from 7¾-7⅞ per cent, but period rates were easier. One-month and three-month fell to 7¼-7⅜ per cent from 7½-7⅝ per cent; while six-month eased to 7-7¼ per cent from 7¼-7⅜ per cent.

MILAN—Money market rates were unchanged, with call at 10¾-10⅞ per cent; one-month at 11⅛-11⅜ per cent; two-month at 11¼-11½ per cent; and three-month 11⅜-11⅝ per cent.

HONG KONG—Call money and overnight were both dealt at 10¾ per cent.

MANILA — 30-day maturities were 11-13 per cent; 60-day 11½-13½ per cent; 90-day 11½-13½ per cent; and 120-day 12-14 per cent.

GOLD

Hectic trading

Gold closed unchanged from Wednesday in the London bullion market yesterday at $250-251. However trading during the day was always busy and at times hectic. The metal opened at $250-250¾ and reached an all-time high of $254-254¾ at around 11 am. This level prevailed until the very long afternoon fixing, which took well over an hour, and it was finally fixed at $250.50, after touching $248¾ at one point.

In Paris the 12½ kilo bar was fixed at a record FFr 34,020 per kilo ($250.15 per cent) compared with FFr 34,000 ($250.0) in the morning and FFr 32,450 ($244.5) on Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 14,960 per kilo ($252.73 per ounce) against DM 14,830 ($249.74) previously.

	February 8	Febuary 7
Gold Bullion (fine ounce)		
Close	$250-251	$250-251
Opening	$250-250¾	$245¾-246½
Morning fixing	$254.00 (£126.067)	$249.00 (£123.899)
Afternoon fixing	$250.50 (£125.094)	$251.60 (£125.031)
Gold Coins, domestically		
Krugerrand	$284½-288¼ (£142-144)	$287-289 (£142½-143½)
New Sovereigns	$70-72 (£35-36)	$70-72 (£34¾-35¾)
Old Sovereigns	$72-74 (£36-37)	$72½-74½ (£36-38)
Gold Coins, internationally		
Krugerrand	$256-260 (£128¼-129¾)	$257-260 (£127½-129)
New Sovereigns	$65-67 (£32½-33½)	$64¼-66¼ (£31¾-32¾)
Old Sovereigns	$72-74 (£36-37)	$72½-74½ (£36-38)
$20 Eagles	$312-314	$322-324
$10 Eagles	$176-181	$175-180
$5 Eagles	$117-120	$117-122

UK MONEY MARKET

Minimum Lending Rate 14%

Bank of England Minimum Lending Rate 14 per cent (since February 8, 1979)

The timing of the rise to 14 per cent from 12½ per cent in Bank of England and Minimum Lending Rate may have caused slight surprise in some quarters of the London money market, but the size of the increase was generally in line with current market rates.

In the interbank market three-month money was a little easier, at 13 13-16ths-14 per cent, compared with 13¾-14 1-16th per cent, previously. Six-month and nine-month rates were also 1-16th-⅛ per cent lower than on Wednesday, while 12-month funds were unchanged at 13 7-16ths-13⅝ per cent.

Discount houses buying rates for three-month Treasury bills rose to 13⅜-13¼ per cent from 12¾-13 per cent, and compared with an average rate of 12.4961 per cent at last Friday's bill tender.

Day-to-day credit was in abundant supply yesterday, and the authorities absorbed surplus funds by selling a very large amount of Treasury bills to the discount houses.

Banks brought forward moderate surplus balances, there was a fairly large excess of Government disbursements of revenue payments to the Exchequer, a small decrease in the note circulation, and the market was also helped by a small number of net maturing Treasury bills.

Discount houses paid 11-11½ per cent for secured call loans at the start, and closing balances were taken at 10 per cent.

Overnight interbank rates opened at 11⅞-12 per cent, and eased to 11-11½ per cent, before rising to 11⅞-12 per cent. Rates touched 10 per cent in the afternoon, and closed at 12-13 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Feb. 8 1979	Sterling Certificate on deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	10-13	—	—	—	12	10-11½	—	—	—
2 days notice	—	—	13-13¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	12⅛	—	—	—	—
7 days notice	—	13-13½	13-13½	—	13¾	—	11¼-11¾	—	—	—
One month	13¾-13⅞	13⅝-13⅞	13-13½	13⅛-13⅞	14	—	12½-12¾	13-13¼	13 7/16-13⅝	13⅞
Two months	13 11/16-13 13/16	13¾-14	—	13⅛-13⅞	14	—	12⅞	13¼-13⅜	13 7/16-13⅝	14
Three months	13 13/16-13 15/16	13 15/16-14	13 13/16-14	13½-13⅞	14	—	13-13¼	13⅜-13½	13½-13⅝	14¼
Six months	13 13/16-13 15/16	13 15/16-14	13½-14	13¼-13⅝	14	—	—	—	13⅛-13 5/16	14½
Nine months	13⅝-13½	13⅝-13¾	—	13⅜-13⅞	14	—	—	—	—	—
One year	13½-13 11/16	13 11/16-13⅝	13⅛-13⅝	13⅜-13⅝	13¾	—	—	—	—	—
Two years	—	—	13⅛-13⅝	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rates nominally three years 13¾-13⅞ per cent; four years 13¾-14 per cent; five years 13⅞-14 per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13¾-13 7/16 per cent; four-month trade bills 14½ per cent.

Approximate selling rates for one-month Treasury bills 12⅞ per cent; two-month 13 per cent; three months 13 per cent. Approximate selling rate for one-month bank bills 13 5/16-13¼ per cent; two-month 13 5/16-13¼ per cent; and three-month 13¼-13 7/16 per cent; one-month trade bills 13¾ percent; two-month 13⅞ per cent; and three-month 14⅛ per cent.

Finance House Base Rates (published by the Finance Houses Association) 12½ per cent from February 1, 1979. Clearing Bank Deposit Rates for small sums at seven days notice 10 per cent. Clearing Bank Rates for lending 12½ per cent. Treasury Bills: Average tender rates of discount 12.4961 per cent.

MONEY RATES

NEW YORK	
Prime Rate	11.5-11.75
Fed Funds	10.125
Treasury Bills (13-week)	9.24
Treasury Bills (26-week)	9.41
GERMANY	
Discount Rate	3
Overnight Rate	3.80
One month	3.85
Three months	4.15
Six months	4.25
FRANCE	
Discount Rate	9.5
Overnight Rate	6.5625
One month	6.59375
Three months	6.75
Six months	6.875
JAPAN	
Discount Rate	3.5
Call (Unconditional)	4.375
Bills Discount Rate	4.625

U.S. PAPER INDUSTRY

Worried frowns give way to smiles

BY JOHN WYLES IN NEW YORK

FOREST PRODUCTS and paper industry executives were instantly recognisable in the U.S. last year.

If the occupant of the next seat in an aircraft or at a bar had a pale and haggard visage, or even a slight nervous tic, chances were he was an industry vice-president steeling himself for the next civil anti-trust suit, hostile takeover bid or strike by his company's employees.

For some companies problem seemed to pile upon problem, and just about the only consolation was that for most, business and profits in this $40bn industry turned out far better than seemed likely at the start of the year.

By the fourth quarter, in fact, earnings had become a solid silver lining for many companies.

Strike-disrupted Boise Cascade purred with some satisfaction over a 21 per cent leap in its final quarter profits: fellow sufferer Crown Zellerbach could have done worse than its 60 per cent increase in net, while International Paper saw some of the fruits of vigorous modernisation in a 27 per cent rise in profits.

Mead Corporation, on the other hand, was happy to see that none of its $33.2m fourth-quarter earnings went into the coffers of Occidental Petroleum, whose $1bn merger offer was withdrawn in somewhat mysterious circumstances.

The only tarnish on some rather good results came from out of court settlements of civil class-action anti-trust suits, which have bedevilled just about every major company.

Rather than face highly expensive, protracted court battles and the risk of heavy damages, most companies are forking out large sums of money. International Paper's year-end results contained a provision for a $40.5m settlement, Weyerhaeuser's for $42m and St. Regis' for $7.59m.

None of these payments are linked with any admission of wrong-doing in the face of charges which generally allege that they have conspired to restrain trade or fix prices in the manufacture of a variety of products.

Meanwhile, balance sheets throughout this cautiously-managed industry are generally admirably strong. Furthermore, while some companies have been criticised for an excessive attachment to geriatric machinery, the industry as a whole is getting a true return on equity of around 14 per cent, and for the last three years has been able to fund all but about 10 per cent of its annual $3.25bn capital investment from its own resources.

Usually the industry's main preoccupation is the overall state of the U.S. economy.

Wood and lumber for housing, newsprint and coated paper for publishing and a bewildering variety of tissues for consumer use are all vulnerable to the peaks and troughs of the economic cycle.

Generally, there is a rough correlation between growth in gross national product and demand for the industry's products, but one of the unusual aspects of 1978 was that, unlike the year before, demand for paper products outpaced the overall growth of the economy. In 1977, the supply of domestic and imported products increased by only a lacklustre 2.9 per cent in a year of 4.9 per cent GNP growth, last year supply rose by 5 per cent against a GNP gain of 3.8 per cent.

Although it is reputed for cautious management, the forest products and paper industry has turned in admirably strong results in recent years. It has been getting a return on equit yof around 14 per cent over the past three years, and has been able to fund nearly all its annual $3.25bn capital investment from its own resources

According to Mr. Louis Laun, the president of the American Paper Institute (API), most of the advance reflected increases in the consumption of paper and paperboard.

Newspapers and magazines expanded their advertising pages by around 8 per cent, shipments of corrugated boxes were also 8 per cent higher, while computer and reproducing papers continued to be in high demand. As a result domestic production of paper and paperboard climbed to a new high of about 63.5m tons in 1978, about 2.6 per cent up on the previous year.

This was achieved despite labour problems which Mr. Larry Ross, paper industry analyst with Mitchell, Paine, Webber, Hutchins, regards as "quite the most extraordinary development of the year." Since last July no less than a dozen companies have been hit by strikes at their West Coast mills, and two of the star fourth quarter performers, Boise Cascade and Crown Zellerbach, have been among the worst affected. Many U.S. managements are far more determined, and often have more scope, to beat strikes than their European counterparts.

The paper industry's ingenuity has been sternly tested by the West Coast strikes, but by drafting into the mills platoons of management and salesmen production at many has been running at about 60 per cent of normal.

U.S. paper production has been down by about 6 per cent in the past six months but the impact has been partially softened by higher imports. According to the API the West Coast strikes and others which have affected Canadian and northeast mills, reduced paper supply by about 2 per cent.

But the reduction in supply, coupled with buoyant demand in highly price competitive sectors, has lowered manufacturers' stocks and helped firm prices. Kraft and linerboard prices climbed from $185 to $225 per ton, and pulp has been increased this month from $375 to $400 per ton.

Against this background of firmer prices, sturdy demand and a strike-induced reduction in capacity, the industry has been able to achieve high operating rates for its plants.

With the exception of recycled paperboard whose operating percentage has been in the low 80s, production on virtually all other products has been running at well over 90 per cent of capacity. Assuming the economy does not actually contract in the next two years, and the growth rates prove to be the 2 to 3 per cent range, then the industry has nothing to fear from the recent API survey pointing to a capacity increase of 2.4 per cent in 1979 and 2.8 per cent in 1980.

EUROBONDS

Ambitions at the long end

By John Evans

AFTER FURTHER steep falls at the opening, the Eurodollar bond market picked up some support in later trading yesterday in line with a steadier trend by the dollar in currency markets.

Meanwhile, an attempt may be made shortly to tap the very long end of the straight-debt dollar market via a 20-year bond offering.

At least one borrower, Hydro-Quebec, is understood to be waiting in the wings with such an issue, probably of up to $50m.

The timing of the issue will depend on stability emerging in the Eurodollar market, after this week's deteriorating conditions.

For instance, Honda Motor Company has cancelled its proposed DM 100m convertible, which was to have represented the German portion of its three-pronged bond operation. The offering will now be based on a $50m convertible and a private placement in Swiss Francs for an as yet undetermined amount.

As for Hydro-Quebec, the aim is clearly to appeal to the big institutional investors who are in a position to lock cash away for very long maturities. Such an issue will almost certainly carry a coupon in the 10 per cent area, which some market analysts believe will represent an attractive long-term return considering the historic yields in dollar instruments.

Among new offerings, the $75m Province of Manitoba issue is to be priced at 99, according to managers Wood Gundy. The selling period for the $50m Gould issue, fully-underwritten and bearing 9¾ per cent at par, closed yesterday instead of February 14, as originally planned, because of strong demand, syndicate manager Kidder Peabody said.

The Ciba-Geigy 4 per cent convertible via UBS Securities has been priced at par, with a premium of 10.23 per cent the nominal amount per bond is $1,350 bringing the size of the offering to $99.9m.

Offering calculations were based on a Ciba-Geigy share price of SwFr 1,015 and dollar/franc exchange rate of 1.6575.

The Deutsche-Mark foreign issue sector was steady yesterday, although domestic DM issues continued to weaken and the Bundesbank gave some significant support.

The French Caisse Nationale des Telecommunications (CNT) is expected to float a DM 100m issue, via Westdeutsche Landesbank.

The DM100m bond for Brazil's Electrobras, with a coupon of 7 per cent, has been priced at 99, according to Dresdner Bank. The DM 150m Statoil issue bearing 6½ per cent was priced at 99¾, according to Deutsche Bank.

Manufrance put in receivership

BY DAVID WHITE IN PARIS

HOPES FOR saving Manufrance, the near-bankrupt French retail and manufacturing group from liquidation remained alive yesterday after a court decision to put the business into official receivership.

The court's decision went against the hopes of M. Rene Mestries, installed barely two weeks' ago as the latest in a series of chairmen for the company, which employs 2,800 people at Saint-Etienne, near Lyon.

M. Mestries, had sought an extra fortnight's grace in order to draw up another last-ditch rescue plan for the group, which is involved in stores, a big mail order operation, small arms, bicycles, sewing machines and publishng.

The chairman said he "regretted" the decision of the Lyon commercial court to appoint immediately two Receivers to help run the group's affairs. He said it would have "grave consequences" but added that recovery was still "within reach."

The decision was more strongly attacked by M. Joseph Sanguedolce, Communist mayor of St. Etienne, which is Manufrance's principal shareholder with 29 per cent of the capital. He described the court's move as "a veritable act of aggression."

The court had held back creditors' claims against Manufrance for some 20 months while management tried to put its operations back on to a profitable footing.

However, Manufrance losses last year amounted to Fr 105m ($25m).

Receivership had become almost inevitable since the plan to reduce losses had not been fulfilled, and new partners and new finance had not materialised. However, rescue attempts for the main parts of the company's operations have not been abandoned.

The Receivers probably stand a better chance than management of forcing through reductions in the workforce. The last rescue scheme came up against the opposition of the communist municipality, which last month forced M. Francois Gadot-Clet, then chairman, to resign.

He had planned cutting half the number of jobs but the first batch of 900 redundancies was rejected by unions.

At the same time, it is hoped that extra guarantees will now attract fresh investment to bail out the company which the government has refused to keep going on state aid.

● A small bank operating in the French Basque country, has suspended business because of financial difficulties. The bank, Banque Hispano-Francaise, recently held unsuccessful talks with American Express of the U.S., with a view to a rescue operation. Sources close to the management said that it was still in negotiation with several banking groups and was seeking to raise its capital.

The bank's closure stemmed from the problems of several client companies in the region, for which it had inadequate provisions, they said. Banque Hispano has branches in Bayonne and Biarritz and has a balance-sheet total of FFr 105 ($23m).

Northrop's fourth quarter earnings up 41 per cent

BY JOHN WYLES IN NEW YORK

NORTHROP'S 28th consecutive year of rising earnings has been barely dented by a $19m special charge against an uncollected debt from Ira.

This charge reflects an argument over the balancing payment on a telecommunications contract which pre-dates the current crisis. The only other impact Iran's troubles have had on this leading U.S. aerospace manufacturer has been the accelerated withdrawal of about 300 technicians and their dependents from Issfahan. This leaves fewer than 50 workers to see out the remaining two years of a support service contract at the Iranian Air Force base at Khatami. The balance of this contract, worth about $5m, is the only Iranian business still on Northrop's books.

Northrop's fourth quarter earnings climbed more than 41 per cent to a record $25.3m or $1.78 a share, compared with $17.9m or $1.28 a share for the same period of 1977. Sales increased from $451.8m to $479.8m.

American General bids for Ticor

By Our New York Staff

AMERICAN GENERAL Insuranc of Houston, one of the largest U.S. property and casualty insurance companies, last night announced a $227.5m bid for Ticor, the Los Angeles-base diversified financial services company.

American General proposed issuing one share of a new convertible preferred stock for each of the approximately 6.5m Ticor shares outstanding. The new stock would have a redemption value of $35 per share.

Strong performance in UK lifts Ryder System

BY OUR NEW YORK STAFF

A 31 per cent increase in pre-tax earnings from its UK subsidiary helped Ryder System, the truck rental and leasing company, to a substantial 36 per cent rise in net profits, last year.

The Miami-based company's revenues broke the $1bn barrier for the first time in a reflection of the growing popularity of vehicle leasing in the U.S. Net earnings in the final quarter rose 35 per cent to $13.1m or 83 cents a share compared with $9.7m or 65 cents per share. Revenue rose 26 per cent to $305m. Full year earnings totalled $55.3m or $3.60 per share compared with $40.7m or $2.73 per share. Sales were $1.1 bn.

The company said U.K. operations had put in an excellent performance, with a 31 per cent increase in revenue and a 39 per cent rise in pre-tax earnings.

AMC tries jeep-style car

BY OUR NEW YORK STAFF

AMERICAN Motors Corporation, which is struggling for survival in the U.S. car market, yesterday revealed plans to produce a line of four-wheel-drive passenger vehicles within the next six months.

This was the main surprise which Mr. Gerald Meyers, AMCs chairman, had saved for the company's annual meeting in Detroit, but he also announced that AMC would spend $30m converting its Kenosha, Wisconsin, car plant to produce its hottest selling item, the jeep utility vehicle range.

The jeep, in fact, is obviously the link between the two developments. Its success — sales were up 51 per cent in January —has obviously persuaded AMC that it has nothing to lose by trying to employ the same four-wheel-drive technology in a passenger car. AMC believed yesterday that its new line of cars may be the first such range of four-wheel drive vehicles in the world.

j Mr. Meyers was characteristically emphatic about its sales prospects, adding that the new cars, coupled with Renault vehicles to be marketed under a joint venture, "should help us a lot."

The slump in passenger car sales continued last month, to the extent that a 34 per cent decline in dealer deliveries left it with the slimmest 1 per cent cent share of the market for U.S. makes.

UNIPEC buys subsidiary of ITT

BY RIK TURNER IN SAO PAULO

THE BRAZILIAN UNIPEC Group has gained 51 per cent of the voting capital of Standard Electric SA, the local subsidiary of ITT. A sum of $4m has already been paid (on December 31 last year) and the rest of the deal will be settled over the next 10 years, with a ceiling price of $24m, the exact cost being fixed according to the company's performance until December 31, 1988.

UNIPEC (Union of Electronic Equipment and Communications Producing Industries), is a group composed of Pereira Lopes-Ibesa SA (51 per cent) and Brasilinvest (49 per cent).

The background to the formation of UNIPEC and its participation in Standard Electric is the key contract for the production of programme storage controlled telephone exchanges, for which Standard Electric has been competing with two other big telecommunications firms, the Swedish L.M. Ericsson Company and the Japanese NEC group.

Last year the Brazilian Government specified that the company receiving the contract would have to have a majority participation by national capital, and the new association of UNIPEC and Standard Electric is a means of fulfilling that requirement.

Profits move up at Petrobras

By Diana Smith in Rio de Janeiro

PETROBRAS, the Brazilian oil monopoly, has declared a net profit of U.S.$974.5m for 1978, a nominal 54 per cent higher than its 1977 U.S.$631.4m profit.

Allowing for Brazil's 1978 annual inflation rate of 40.8 per cent, the real increase was just under 14 per cent.

Gross sales totalled $9.6bn—a nominal increase of 51.4 per cent, compared with 1977 $6.33bn sales and a real increase of 10.6 per cent.

Net sales of $6.36bn, a 48.3 per cent nominal increase compared with 1977.

Net assets total $5.61bn and return on net assets was 17.4 per cent.

CII-Honeywell Bull bolsters finances

BY TERRY DODSWORTH IN PARIS

THE STATE-AIDED Franco-U.S. computer group, CII-Honeywell Bull, is well on the way to achieving the financial independence which it promised the Government by 1980, M. Jean-Pierre Brule, chairman and managing director, said yesterday.

Speaking at a Press conference on the 1978 results, M. Brule revealed that the group had achieved a pre-tax profit of FFr 230.9m ($53.5m) for the year, thus showing a clear surplus over the annual government subsidy of FFr 212m.

The last subsidy payment of FFr 100m is due next month. This will bring to an end the FFr 1.2bn aid programme financed by the French Government as a sweetener to the 1976 merger of the binational Honeywell Bull group and CII, the national computer company.

Consolidated turnover amounted to FFr 4.5bn, a 17.6 per cent increase compared with the FFr 3.8bn for the previous year. Net profit, at FFr 190.4m after a tax provision of FFr 40.5m, compared with FFr 144m in 1978. Cash flow was 19.9 per cent up at FFr 791m.

Although M. Brule would not comment in detail on this year's financial prospects he made it clear that he expects the company's growth to continue without any serious problems being caused by the ending of Government assistance.

The merger had entailed Honeywell Bull, a profitable company, in taking on the unprofitable CII group, he said. This would have been "inconceivable" without the Government's subsidy to enable the Honeywell Bull shareholders a reasonable profit and the joint company the resources to reorganise it.

In general terms, he said that the computer market was expected to remain healthy this year after a good sales period in 1978. The group's intention was to grow a little faster than the market, and to this end it would be placing more emphasis on technical development, recruiting workers and trying to spread interrelated activities, such as office information systems.

CII-Honeywell Bull already claims to have a high investment rate in research and development. Last year it spent FFr 500m in this area, and its combined investment along with Honeywell Information Systems was more than $200m, which, it claimed, puts it among the world's leaders. The French group and Honeywell are governed by agreements on sharing work on research projects and free access to information.

Last year's sales outside France accounted for 48.4 per cent of CII-Honeywell Bull's turnover.

French flotations reached record level last year

PARIS — New issues floated on the French capital market last year totalled FFr 72.3m, a record level and an increase of 13.2 per cent on the 1977 total of FFr 63.7bn, according to figures published by Credit Lyonnais.

The rise in 1978 was partly due to an increase in public and semi-public borrowing. Four state loans were floated during the year for a total amount of FFr 13.5bn, compared with one state loan of FFr 8bn and a government-organised loan of FFr 2bn for small and medium-sized businesses.

The increase also reflected corporate capital increases of FFr 5.4bn, against FFr 2.7bn in 1977, reflecting the government's tax incentives to small investors for purchases of securities.

Bond issues alone totalled FFr 54.9bn last year, or 12.1 per cent more than in 1977.

Credit Lyonnais comments that 1978 has been marked by a significant decline in interest rates on new bond issues starting in March. Nominal coupons on first-category paper declined steadily to 9.9 per cent by the end of the year from 11 per cent at the end of 1977, while those on second-category paper fell to 10.2 per cent from 11.3 per cent.

New issues of securities last year totalled FFr 17.3bn, an increase of 17.7 per cent on the 1977 amount.

● Non-consolidated net sales of L'Air Liquide, the French producer of industrial gases, rose to FFr 2.41bn in 1978, compared to FFr 2.15bn. Capital goods sales accounted for FFr 393m against FFr 377m in 1977.

Agencies

Robeco to raise dividend

BY CHARLES BATCHELOR IN AMSTERDAM

ROBECO, the Dutch investment group, proposes to raise its cash dividend to Fl 8 for 1978 from Fl 7.60. In both 1978 and 1977 it also paid a stock dividend of 3½ per cent, although in 1977 it gave shareholders the choice of taking this in cash.

The order of payment has also been reversed from previous years, with Robeco now planning to pay an interim stock and a final cash dividend in future. Since two stock dividends of 3½ per cent have been paid since the last cash dividend the payment has been increased considerably this year, it said.

Profit rose to Fl 205m ($103m) from Fl 199.6m, and total net assets were nearly 2 per cent higher at Fl 4.2bn ($2.1bn) on December 31. Asset value per share fell to Fl 163 on 25.9m issued shares compared with Fl 172 on the 25.3m shares outstanding a year earlier, as a result of the two stock dividends.

Robeco's annual report will be published on March 13 and the shares will go ex-dividend from March 29.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on February 8

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

AMERICAN QUARTERLIES

ACF INDUSTRIES — Fourth quarter	1978 $	1977 $
Revenue	235.1m	191.5m
Net profits	13.59m	10.42m
Net per share	1.56	1.19
Year		
Revenue	828.3m	713.0m
Net profits	41.21m	35.91m
Net per share	4.72	4.12

BORG WARNER — Fourth quarter	1978 $	1977 $
Revenue	619.7m	546.2m
Net profits	38.3m	31.5m
Net per share	1.79	1.48
Year		
Revenue	2.33bn	2.03bn
Net profits	133.8m	104m
Net per share	6.24	4.93

CLUETT PEABODY — Fourth quarter	1978 $	1977 $
Revenue	162.0m	156.3m
Net profits	5.8m	6.57m
Net per share	0.61	0.70
Year		
Revenue	575.6m	569.4m
Net profits	18.8m	19.25m
Net per share	1.95	2.00

COMMUNICATIONS SATELLITE — Fourth quarter	1978 $	1977 $
Revenue	51.9m	41.3m
Net profits	9.78m	6.8m
Net per share	1.22	0.68
Year		
Revenue	184.8m	168.2m
Net profits	34.2m	32.5m
Net per share	4.28	3.27

CPC INTERNATIONAL — Fourth quarter	1978 $	1977 $
Revenue	857.2m	741.1m
Net profits	49.14m	40.89m
Net per share	2.07	1.73
Year		
Revenue	3.22bn	2.87bn
Net profits	147.35m	132.89m
Net per share	6.20	5.60

ELI LILLY — Fourth quarter	1978 $	1977 $
Revenue	474.4m	391.6m
Net profits	64.5m	52.9m
Net per share	0.89	0.73
Year		
Revenue	1.85bn	1.55bn
Net profits	277.5m	223.5m
Net per share	3.81	3.07

EL PASO — Fourth quarter	1978 $	1977 $
Revenue	581.4m	451.9m
Net profits	37.13m	28.28m
Net per share	0.82	0.60
Year		
Revenue	2.03bn	1.67bn
Net profits	50.75m	82.09m
Net per share	2.44	2.24

ENGELHARD MINERALS — Fourth quarter	1978 $	1977 $
Revenue	3.80bn	2.04bn
Net profits	49.92m	28.75m
Net per share	1.51	0.91
Year		
Revenue	10.15bn	7.33bn
Net profits	142.24m	122.57m
Net per share	4.31	3.72

FMC CORPORATION — Fourth quarter	1978 $	1977 $
Revenue	822.9m	670.4m
Net profits	37.3m	34.2m
Net per share	1.02	0.96
Year		
Revenue	2.91bn	2.29bn
Net profits	140.9m	127.1m
Net per share	3.87	3.61

HALLIBURTON — Fourth quarter	1978 $	1977 $
Revenue	1.96bn	1.58bn
Net profits	102.62m	97.01m
Net per share	1.75	1.66
Year		
Revenue	6.64bn	5.42bn
Net profits	394.04m	355.11m
Net per share	6.76	6.08

PHELPS DODGE — Fourth quarter	1978 $	1977 $
Revenue	258.4m	240.8m
Net profits	15.1m	13.4m
Net per share	0.78	0.58
Year		
Revenue	1.01bn	959.4m
Net profits	30.1m	17.9m
Net per share	1.16	0.73

SOUTHERN NAT. RESOURCES — Fourth quarter	1978 $	1977 $
Revenue	306.5m	249m
Net profits	25.45m	28.11m
Net per share	1.35	1.39
Year		
Revenue	1.1bn	858.05m
Net profits	104.1m	87.95m
Net per share	5.14	4.34

STUDEBAKER-WORTHINGTON — Fourth quarter	1978 $	1977 $
Revenue	407.8m	305.8m
Net profits	20.65m	18.69m
Net per share	1.44	1.08
Year		
Revenue	1.42bn	1.19bn
Net profits	119.84m	69.24m
Net per share	8.06	4.37

SUNBEAM CORPORATION — Third quarter	1978 $	1977 $
Revenue	420.9m	369.2m
Net profits	23.41m	16.04m
Net per share	1.57	1.08
Nine months		
Revenue	1.01bn	898.0m
Net profits	41.02m	36.37m
Net per share	2.76	2.45

SYBRON CORPORATION — Fourth quarter	1978 $	1977 $
Revenue	169.0m	150.0m
Net profits	8.07m	6.02m
Net per share	0.74	0.52
Year		
Revenue	616.9m	584.7m
Net profits	28.0m	27.3m
Net per share	2.52	2.30

PENNZOIL — Fourth quarter	1978 $	1977 $
Revenue	447.7m	334.3m
Net profits	43.1m	21.26m
Net per share	1.23	0.59
Year		
Revenue	1.55bn	1.28bn
Net profits	128.17m	100.39m
Net per share	3.64	2.82

TEXAS GAS — Fourth quarter	1978 $	1977 $
Revenue	345.7m	283.2m
Net profits	18.59m	18.25m
Net per share	1.79	1.75
Year		
Revenue	1.22bn	1.04bn
Net profits	60.39m	56.14m
Net per share	5.79	5.37

TEXAS INTERNATIONAL AIRLINES — Fourth quarter	1978 $	1977 $
Revenue	45.5m	40.7m
Net profits	2.52m	3.33m
Net per share	0.39	0.60
Year		
Revenue	180.2m	144.8m
Net profits	13.15m	7.99m
Net per share	2.17	1.49

INTERNATIONAL COMPANIES and FINANCE

Siemens first-quarter growth slows

BY ADRIAN DICKS IN MUNICH

SIEMENS, the West German electrical group, experienced little overall growth in sales or new orders during the first quarter of this year. The company has evidently been weighed down by the difficulties of its power station and nuclear energy subsidiary, Kraftwerkunion.

Sales for the first quarter ended December were DM 6.2bn ($3.36bn), showed no change from the previous year. New orders, at DM 7.1bn were also unchanged, although within this total there was a brisk 8 per cent increase in those booked by the rest of the group other than KWU. New export orders on the same basis were down 2 per cent.

Group profits of DM 144m during the first quarter showed practically no change, and remained at 2.3 per cent of sales. Investments were down slightly on the previous year to DM 217m, but there was an increase of 2,000 in the group's employees world-wide to 324,000.

Announcing these results Herr Bernhard Plettner, the Siemens chairman, declined to make specific predictions about full-year sales or profits, although he stressed that apart from KWU, the group was operating profitably in every area except for data processing.

The chairman underlined Siemens' long-term confidence in this area, however, and pointed out that some DM 250m is being invested up to 1981 in the Perlach complex, south-east of Munich, where Siemens has also moved its central research laboratories.

The centre is intended to expand Siemens's range of software services as well as offering time-sharing to computer users and carrying out in-house functions for the group.

The centre is completing the running-in of the first of the Fujitsu 7800 machines whose marketing in Europe was agreed last year with the Japanese manufacturer.

Herr Plettner claimed that Siemens has no big worries about its business with its biggest customer, the West German Budespost, despite the recent halt to development work on its electronic telephone switching system.

He said the group would have no difficulty in going over to production of digital switching systems, which it was already making for overseas telephone utilities. Meanwhile, the systems already installed would be compatible with whatever the Bundespost might now commission.

For the future, Herr Plettner once again took the opportunity to stress Siemens' confidence in the applications available for integrated circuits in virtually every kind of electrical appliance. This would mean redesigning and rebuilding appliances from scratch, the Siemens chairman added, a task so enormous that he believed it would provide guaranteed employment in the group well into the next century.

Siemens appears to have no immediate plans for further acquisitions overseas. Herr Heribald Naerger, the finance director, conceded that the group has a high level of liquidity, but insisted that this was a normal part of its needs against pension liabilities and business commitments rather than a windfall ready to be invested at whim.

Monopolies probe for stores link

By Jonathan Carr in Bonn

THE WEST GERMAN Cartel Office faces a hard decision over the surprise co-operation agreement between Horten, the country's fourth largest department store company, and Edeka, the big co-operative food organisation.

Under the accord just announced Horten is making over to Edeka all 58 food departments in its stores throughout the country. In return it will receive rent based on turnover which it plans to plough back into other departments particularly the textile and leisure article sectors.

The deal should enable Edeka to increase its market share of about 17 per cent by giving it a firmer sales base in city centres. To its own turnover of nearly DM 17bn ($9.25bn) Edeka will be gaining Horten food outlets with sales last year of DM 757m (about 20 per cent of Horten's overall turnover) as well as an additional 4,500-strong labour force.

The Cartel Office must decide within four months whether the accord can go ahead or whether it implies unacceptable concentration of market power. Both Horten and Edeka hope for a positive decision but are prepared to fight the matter to the highest legal instance if necessary.

In favour of the deal, it is noted that Edeka is an association of some 22,000 independent tradesmen co-operating for mutual benefit. The Horten acquisition will enable better use of capacity to be made of Edeka's regional meat and other food depots, helping it is claimed, to strengthen medium-sized businesses above all.

It is certain that other big West German stores will be watching the Cartel Office decision and, if it goes ahead, the Horten-Edeka deal itself with particular interest.

Over the last few years department store sales growth has not kept pace with that of the retail sector as a whole. Increasingly fierce competition has come from specialist shops and from big supermarkets usually sited with easy parking on city outskirts.

While food business has helped pull in customers to the department stores, profit margins are slim. The need for constant fresh food supplies means that a concern with a country-wide network like Horten has been unable to make use of centralised depots and economies of scale.

The new agreement might, it is felt, be a pointer to the future. The specialised food concern gains a new impetus—and the department store more funds to invest in non-food sectors.

BASF to plough back DM1.8bn

BY GUY HAWTIN IN FRANKFURT

ONE OF West Germany's "big three" chemical concerns BASF yesterday announced that it is to maintain the pace of its capital investment programme despite the sales stagnation that has affected the industry for the past two years. This year the group has earmarked DM 1.8bn ($972.1m) for investment worldwide, marginally up on the DM 1.75bn spent in 1978.

This means that again BASF's capital investment allocation will be well above the level of depreciation. However, according to Professor Matthias Seefelder, the group's chief executive, there are no plans to increase the concern's capital during the current year.

Last year, said Professor Seefelder, group sales rose by only 1.7 per cent to DM 21.5bn. Growth was even slower at the West German parent company, BASF AG, where they went up only 0.6 per cent to just under DM 9.7bn. This year it is expecting sales expansion to be somewhat higher, but a spectacular increase seems highly unlikely.

The demand for the West German chemicals industry's products, coupled with high labour and production overheads, led BASF to announce some time ago that it was to concentrate more heavily on investing overseas. This is a course already being followed by its rivals, Bayer and Hoechst.

Even so, the main thrust of the current year's capital investment programme is still directed towards West Germany. Some 71 per cent of 1979's allocation will be going to projects in the Federal Republic.

About half of the cash to be invested in Germany will go to BASF AG, while the remainder will be dividend among its subsidiaries. The overall figure to be spent in the Federal Republic is little changed from 1978, when about 72 per cent of investment was devoted to West German projects.

The losers in BASF's push overseas are the group's foreign subsidiaries in Europe. Only 12 per cent of capital spending will be in Europe compared with 14 per cent last year. This year 17 per cent of total investment has been allocated for spending outside Europe—a substantial increase on 1978's 14 per cent.

The main targets for the group's overseas investment programme are the U.S. and Brazil. About DM200m is to be spent in the U.S. with new plants and extensions to capacity at others owned by the Wyandotte Corporation, BASF's American subsidiary. The Badische Corporation's fibres operations, however, will not be a major benficiary.

Conti-Gummi again passes dividend

BY OUR FRANKFURT CORRESPONDENT

SHAREHOLDERS were given no grounds for rejoicing by 1978 preliminary report from Continental Gummi. The picture of the West German motor tyre industry continues to be one of unrelieved gloom.

The management has confirmed that Conti-Gummi, the country's largest tyre maker, is in no position to resume its dividend and 1978 will, therefore, be the seventh year in a row without payout.

Furthermore, the industry's situation is so poor that the Conti-Gummi management are unable to give any concrete news on when a resumption of dividend will be possible. Indeed, Herr C. H. Hahn, the group's chief executive, ventured the opinion that in the tyre sector things looked as though they were going to get worse before they got better.

Conti-Gummi, which this week heard the news that its rival Phoenix-Gummi is to pull out of mass tyre manufacture all together, has diversified its product range widely. It has concentrated on building up its output of technical rubber products, which are not subject to the same cut throat competition as motor tyres.

Already the technical rubber products account for 43 per cent of the consolidated domestic group's sales. Even so, 57 per cent of turnover is still dependent on motor tyres—a sector which has increasingly been subjected to competition from imports from low wage-cost countries.

Despite the problems of the tyres sector, group consolidated home sales last year rose 4.7 per cent to DM1.95 bn ($1.05 bn). Profits, however, have been very weak—the group in October warned that they were unlikely to reach 1977's net of DM25.7 bn—and the group still has losses on its hands carried forward from previous years.

The management's policy is to continue to concentrate on developing both production sectors as hard as possible. On the tyres side the company will continue to develop the high performance radial lines.

PUK sales growth limited by weakness of dollar

BY DAVID WHITE IN PARIS

THE DOLLAR'S decline against the French franc cut into last year's sales growth at the metals, chemicals and engineering conglomerate Pechiney Ugine Kuhlmann.

The company announced consolidated 1978 sales of FFr 27.6bn ($6.5bn), which is 6.3 per cent up on the previous year's FFr 26bn, but it says that stable currencies would have meant a bigger increase of 8.2 per cent.

The slow growth was particularly marked in metals, where Aluminium Pechiney, one of the top world companies in the field, suffered from the declining franc value of dollar-denominated standard prices. Turnover in metals rose 3.2 per cent to FFr 11.8bn.

Chemicals also showed weak growth, with sales expanding by 4.8 per cent to FFr 4.9bn by contrast, turnover in PUK's light industry sector rose by 16.5 per cent to FFr 5.6bn. The group's highly profitable overseas technology sector, largely aluminium subsidiaries using French processes, grew 5 per cent to FFr 5.3bn.

Overall, foreign sales accounted for just over half of group turnover. Exports from PUK operations in France made up 27 per cent of the total and sales of foreign subsidiaries, 25 per cent.

● Dollfus-Mieg, a major French textile group, provisionally estimates sales for 1978 at FFr 3.824 ($910m), an increase of 11.7 per cent on the 1977 total of FFr 3.424bn. The incerase was mainly due to increased output by the company's weaving activities in the second half as prices had, on average, risen only slightly during the year.

MAN domestic order books shrinking

By Our Financial Staff

INCREASED ORDERS for the first six months of this year are announced by MAN, the West German mechanical engineering and commercial vehicles company that forms the centrepiece of the Gutehahnungshuette group.

Orders for the six months to December rose by 5.2 per cent on a group basis, but MAN's domestic operations are clearly under some pressure. Orders from abroad rose by 21 per cent in the half year with domestic order intake slipping by 3.3 per cent.

The company began this year with an order book volume of DM 3.9bn, sharply down from DM 4.7bn at the beginning of July, 1977. If the group turnover levels of about DM 6.7bn ($3.64m) registered for the whole of last year are to be secured in the long-term, MAN will require monthly orders of DM 420m to DM 450m in the current 12 months. "These levels have not been achieved in the first six months," says the company.

Developments in the various group divisions have been "varied" during the first half. The level of new orders in the commercial vehicle division is satisfactory, while developments in MAN's mechanical engineering sector hinge on follow-up orders. Moreover, the extent to which German capital investment spurs demand in the domestic consumer goods sector, construction industry and energy sector will sharply influence order books among the mechanical engineering operations.

The company noted that about 30 per cent of MAN's mechanical engineering capacity is dependent on orders from the energy sector which is in an "unsatisfactory state."

Swiss bourse volume drops

By John Wicks in Zurich

STOCK MARKET volume fell off in Switzerland last year, in part a result of restrictions on purchases by non-residents of Swiss-franc securities. On the Zurich bourse, turnover dropped by 11.4 per cent. from the 1977 level of SwFr 11.99bn. At a total of SwFr 99.2bn, it was also below the 1976 figure. The total number of bargains slipped to 241.434, the lowest stand since 1974.

On the Basle Stock Exchange, turnover was down by 7.7 per cent to SwFr 19.8bn. This compared with levels of SwFr 23bn in 1976 and SwFr 21.4bn in 1977.

German Mobil recovery

HAMBURG—Mobil Oil AG returned provisional net profits of DM 140m ($76m) last year after a DM 5.2m profit in 1977. Turnover rose to DM 5.4bn ($2.93bn) from DM 5.02bn.

Mobil, a subsidiary of Mobil Oil of the U.S., said losses in the mineral oil sector were cut to a provisional DM 26m from slightly more than DM 200m previously. Profits came "exclusively" from German oil and gas extraction, but the company hopes to achieve a balanced result in the mineral oil sector in 1979. This target is conditional on a higher average price level this year, particularly for heavy products.

The company will invest DM 120m in its exploration and production divisions this year and should maintain expenditure at least at this level until 1984. In addition, Mobil will invest about DM 70m over the next four years to adjust its refineries to changing needs, in particular reduced sales of heavy heating oil.

This programme is expected to cut heavy heating oil output by 600,000 tonnes annually. Refinery capacity use increased to 66 per cent last year from 65 per cent in 1977.

Reuter

Austrian savings bank to tap market

BY PAUL LENDVAI IN VIENNA

AUSTRIA'S LARGEST savings bank, Zentralsparkasse der Gemeinde Wein, is to raise Sch 750m ($55m) through the Viennese capital market. The move, which will be the first time that a savings bank has tapped directly the bond market, has been made possible by a new banking law.

The loan will be floated in three tranches of six, eight and 15 years and each tranche will carry a coupon of 7½ per cent. Speaking about future prospects, the savings bank stressed the scope in the field of investment financing.

The terms of the new bond correspond closely to those attached to the recent offering from Girozentrale, the umbrella institute for the Austrian savings banks. This issue raised Sch 1bn and was spread over two tranches of eight and 15 years.

Earlier, Dr. Karl Pale, director-general and chairman of Girozentrale, revealed that the bank's total balance-sheet last year increased by 17 per cent to Sch 131bn ($8.96bn). However, there had been growing pressure on profit margins.

Creditanstalt is to sell its controlling interest in the Austrian metal producer Lapp Finze to the West German group Roto. Lapp Finze had a turnover of Sch 182m ($13.48m) last year and reported losses of Sch 70m ($5.2m).

Creditanstalt, Austria's largest bank, granted credits to Lapp Finze totalling Sch 45m. In addition the ailing company has been selling property in order to offset the extent to which it has recently been forced to dip into its reserves.

Tokyo seeks cutback in corporate bond plan

TOKYO — Japanese underwriters have persuaded some Japanese corporations planning to float corporate bonds in February to cut their plans to a total of Y120.6bn ($656m) from the original Y161.1bn, because of a sharp decline in corporate bond prices on the secondary market, the underwriters association said.

In January, only seven corporations, including six electric power companies, issued bonds worth Y92bn, but the number of February issuers increashed sharply to 18, including seven electric power companies, in anticipation of a rise in their yield at issue, it said.

Prices of 12-year corporate bonds of double-A grade with a coupon of 6.4 per cent have declined to around 97 per cent on the secondary market, compared with the issue price of 99.75 per cent, under the impact of a fall in the secondary price of 10-year 6.1 per cent national bonds since early this year, the association said.

However, it said it would be inaccurate to describe the present situation as national bonds crowding out corporate bonds, because the national bond issue plan in February was also cut to Y100bn from Y400bn.

The issue terms of corporate bonds, fixed in consultation with monetary authorities will have to be changed, to confirm to secondary market conditions, around April, when the Finance Ministry is also expected to alter the issue terms of 10-year national bonds, the association said.

Corporate bond issues during the first 11 months of fiscal 1978 (April 1978 to February 1979) are expected to total Y1.24 trillion (million million), including Y812bn of electric power company bonds, compared with Y1.12 trillion.

Reuter

ASL placed in receivership after Ansett withdraws support

BY JAMES FORTH IN SYDNEY

THE LARGE Finance Group Associated Securities (ASL), was placed in receivership yesterday after the major shareholder, Ansett Transport Industries, withdrew its support. The trustee for debenture holders, Perpetual Trustee Company, appointed Mr. G. H. Warhurst and Mr. A. H. E. Kewin of Hungerfords as receivers.

Rumours that ASL had severe liquidity problems had swept the money markets earlier yesterday. In the afternoon, ASL released a terse statement which said that the unaudited financial results for the December half-year showed a trading loss of A$2.5m (US$2.8m) plus an extraordinary foreign exchange loss of A$1m on overseas loans.

The statement added that the managements' assessments of forecasts of trading for the June half-year suggested that there was at present no likelihood of a turnround in trading results during this period.

ASL directors added that they had received advice from the Ansett Board that it did not propose investing further preference capital in ASL. This was crucial, because ASL recently announced plans to raise A$10m through a two-for-five non-renounceable issue of convertible preference. This was needed to increase the company's gearing and improve its ability to borrow. Ansett's withdrawal meant that ASL had little prospect of succeeding with the preference issue. The losses would further reduce ASL's borrowing ability under the trust deed.

The appointment of receivers follows the breakdown of a rescue attempt by Australia's largest finance company, Australian Guarantee Corporation.

AGC had been looking at the possibility of buying out Ansett and the public shareholders in ASL, to prevent the backlash against investing in finance company debentures which is now likely to occur. AGC apparently decided that the problems at ASL were much greater than expected. It is suggested that heavy write-offs against ASL property investments and loans are likely, which will result in large losses.

ASL has already written off more than A$20m against its property assets over the last two years.

Ansett bought the Royal Bank of Scotland's 30 per cent equity in ASL for A$5m late in 1976 and then lifted its stake to about 48 per cent. Since then, it has pumped in another A$10m in preference capital.

Ansett's entire investment of close to A$20m in ASL is now in jeopardy.

Textile house seeks protection

BY RICHARD HANSON IN TOKYO

THE LARGEST spinner of worsted yarn in central Japan, Hayashi Spinning Company, has filed with Nagoya District Court for protection under the corporate rehabilitation law, making it the fifth largest bankruptcy case in post-war Japanese corporate history.

The company, which has run operating deficits since 1974 after losing heavily in domestic textile commodity speculation, has liabilities totalling about Y60bn ($305m), according to Teikoku Koshinsho, a private credit inquiry agency. This makes it the second largest failure in the textile industry, following Sakamoto Spinning which revealed Y64bn in debts in 1974, Japan's fourth largest failure.

Tokai Bank, based in Nagoya, has been involved in attempts to reconstruct the company, but operating losses in the year to November amounted to Y10.6bn, on sales of Y26.9bn, bringing the accumulated loss to Y23.1bn. Tokai holds about Y30bn in Hayashi credits.

The Court yesterday ordered that the assets of the company be protected. Under Japanese procedures, the Court will study the request for rehabilitation, and, if it deems it advisable, will appoint a receiver to oversee reconstruction.

It is too early to determine whether affiliates of Hayashi, 11 in all, will be undermined in their efforts to improve business.

Hayashi, with 1,400 on its payroll, is listed on the Osaka and Nagoya stock exchanges. Trading was suspended yesterday. It has no foreign shareholders.

Sharp profits increase at National Iron

THE SINGAPORE-BASED National Iron and Steel Mills achieved a sharp rise in group net profits last year to S$21.67m (U.S.$10m) from S$12.25m, with turnover up by 34 per cent to S$179.8m.

At the pre-tax level, group income more than doubled to $S37.68m against S$17.3m, while parent company net profits moved up from S$11.99m to S$21.03m on the back of a 36 per cent increase in turnover to S$171m.

The company expects to be able to maintain its dividend after the enlargement of the share capital.

Reuter

Bank of China plans new branch in Luxembourg

HONG KONG—A Chinese banking official is to leave Peking soon to set up a new branch of the Bank of China in Luxembourg—the first time China's overseas banking arm has expanded into a new country since 1949.

The Bank of China's Luxembourg operations will "help promote economic and trade exchanges" with Luxembourg and with the European Community, according to Hsinhua, the official Chinese news agency. The agency identified the official as Li Yu-Min and said he would manage the Luxembourg branch.

Branches in several other countries are also expected. A U.S. branch will be set up once the U.S. and China settle impediments to full trade relations, such as the frozen assets held by both sides. Japanese officials have already talked with the Chinese about setting up a Bank of China representative office in Tokyo and an office of the Bank of Tokyo in Peking.

Previously, the Bank of China has maintained branches outside China only in Hong Kong, London and Sinkgapore. The bank, based in Peking, also has branches in China's major trading ports

The move to expand overseas banking relations is in line with China's efforts to modernise its economy, a feat that will require major financing from abroad and a substantial increase in imports and exports, all of which require more banking services.

Last year, 75 foreign banks sent delegations to China, according to Hsinhua. In the course of their talks, "they expressed their willingness to provide China with funds or loans on favourable terms and the Bank of China with assistance in setting up overseas branches," the news agency added.

AP-DJ

Saudis to buy into Alba

BAHRAIN — Saudi Arabia is to acquire a 20 per cent stake in the Bahrain Aluminium (Alba) Company, said Mr. Ghazi Al-Qussaiby, the Saudi Industry Minister, and his opposite number in Bahrain, Mr. Youssef Shirawai, in a joint statement.

The ministers declined to give details on the Saudi participation, but industry sources said Saudi Arabia would buy its shares from the Bahrain Government, which has a 77.9 per cent holding in the company.

Alba, one of the biggest aluminium plants in the Middle East is jointly owned by the Bahrain Government, and American, West German and other foreign companies

Reuter

FOOD PRICE MOVEMENTS

	February 8 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton ...	1,140	1,140	1,140
British A.1 per ton ...	1,110	1,110	1,110
Irish Special per ton...	1,110	1,110	1,110
Ulster A.1 per ton‡ ...	1,110	1,110	1,110
BUTTER			
NZ per 20 kg	13.40/13.56	—	—
English per cwt†	81.65	81.65	81.65
Danish salted per cwt†	80.98/83.50	80.98/83.72	80.98/83.72
CHEESE¶			
NZ per tonne	1,250	1,260	—
English cheddar trade per tonne	—	—	—
EGGS*			
Home produced:			
Size 4	4.50/4.75	4.90/5.20	3.10/3.40
Size 2	5.00/5.20	5.50/5.80	3.90/4.20
	February 8 p	Week ago p	Month ago p
BEEF			
Scottish killed sides ex-KKCF	55.0/60.0	57.0/60.0	—
Eire forequarters	44.0/46.0	44.0/46.0	46.0/48.0
LAMB			
English	56.0/62.0	52.0/60.0	58.0/63.0
NZ PLs/PMs	50.0/53.0	—	—
PORK (all weights)	34.0/45.0	35.0/46.0	35.0/46.0
POULTRY			
Broiler chickens	37.0/38.0	37.0/38.0	36.0/38.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. ¶ For delivery February 10-17.

Wall St. firmer in early cautious trading

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—87¾% (91%)
Effective $2.0050 44¾% (48%)

A SLIGHTLY HIGHER tendency developed in cautious trading on Wall Street yesterday, when investors were concerned about the impact of a cut off in Iranian oil supplies, inflation and rising interest rates.

At mid-day, the Dow Jones Industrial Average was up 1.56 to 817.57 and the NYSE All Common Index gained 16 cents to $54.63, while rises led falls by a seven-to-five majority. Trading volume, however, dropped 3.99m shares to 12.64m, compared with noon on Wednesday.

Closing prices and market reports were not available *for this edition.*

A slightly firmer tone for the dollar helped investor sentiment, analysts said. But they added that with reports on the U.S. Money Supply due late today and on Wholesale Prices tomorrow, investor caution could trim prices later in the day.

Petroleums benefitted from expected oil price increases. **Gulf Oil** topped the active list, adding $¼ at $23⅞—a block of 174,300 shares traded at $24. **Exxon** rose $⅜ to $50—it will raise prices for Saudi Arabian crude 18 to 20 cents a barrel.

Mesa Petroleum advanced $1⅜ to $37½, *Mobil $1 to $69½*, *Pennzoil* $1 to $33¼ and **Superior Oil** $5 to $314.

Coppers continued higher. Active **Kennecott** picked up $¼ to $25 and **Phelps Dodge** $¾ to $28½.

Northrop put on $⅛ to $34¼ on higher fourth quarter net earnings despite a $19m charge for an Iranian contract.

Seaboard World Airlines fell $⅞ to $13—a Federal Court refused to block a $12.30 a share *bid for its stock* by **Tiger International**, up $½ to $22½. Seaboard said it is holding talks with other *possible suitors.*

Some Glamours and Blue Chips, hard hit recently, *rebounded*. *Smithkline* gained $2½ to $89¾, Merck $1 to $37½, **IBM** $1¾ to $299⅞, **Teledyne** $¾ *to $113¾ and* **General Motors** $1 to $54¾xd.

Halliburton gained $1 to $61¾ *and* **Schlumberger** *$¾ to $94⅝.*

Studebaker-Worthington added $¾ at $28¾ on improved fourth *quarter profits.*

THE AMERICAN SE Market Value Index added 0.72 at 157.7 on a *volume of 1.195m (1.518m)* shares.

Houston Oil topped the active *list rising $¾ to $18¼.* ***Mitchell* Energy and Development** gained $1¼ to $19—it was high bidder on 21 to 27 tracts it sought in a Texas oil and gas lease sale.

Active **American International** Pictures advanced $1⅜ to $8½. *Nortek dropped $1¼ to $9½*—it reported a fourth-quarter profit, against a loss a year earlier.

Canada

Prices were mostly higher in active mid-day trading, with the Toronto Composite Index up 6.4 to 1,356.3.

The Metals and Minerals Index advanced 18.0 to 1,236.4, Oil and Gas 15.2 to 1,857.8, Utilities 1.13 to 197.44 and Papers 0.08 to 156.21. But Golds dropped 22.3 to 1,602.0 and Banks eased 0.17 to 314.61.

Among Gold issues Amalgamated Larder slipped 41 cents after a 10 cent gain on Wednesday—the company announced an Ontario gold discovery. **Dome Mines** lost $1 to $100, **Campbell Red Lake** $¾ to $41 and **Camflo** $¾ to $15¾.

Inco rose $¼ to $22¾, as did *Noranda to $41⅜ and Cominco to* $35¼.

Switzerland

Domestic shares were steady *after Wednesday's advance* slowed following the fall of the dollar and fears about the *political situation in Iran.*

Among mainly steady Banks, **LEU Registered** rose. Financials were *quietly steady*, Insurances were barely steady.

Ciba-Geigy Participation Certificates rose Frs 30 to 1,015 on active demand.

In Engineering, **Georg Fischer** held unchanged at 685 on a large *turnover*—a company spokesman said Bourse rumours of a takeover offer by a German car maker are "completely unfounded."

Domestic Bonds improved, Foreign Bonds were mixed.

Dollar stocks were slightly above overnight New York closing levels. Dutch Internationals were irregular, Germans eased. South African Mining Financials firmed slightly on good buying support.

Paris

Shares closed steady in moderately active trading, with Engineerings and Oils making the highest gains.

Air Liquid rose 90 centimes to Frs 383.80 on higher 1978 sales.

Foreign shares were mostly steady.

Germany

Movements were mixed with few sectors continuing weaker while most sectors recovered, mainly in later trading.

Major losses were seen among *leading* Banks with *Deutsche* **Bank** down DM 1.80 to 280. Chemicals were mixed.

In *Engineerings*, **Preussag** moved up DM 2.0 to 158.5, **GHH** were up DM 2.50 to 231.5 and **Linde** put on DM 3.5 to 290. Stores were generally higher.

On the Domestic Bond Market, Public Authority issues eased by up to 60 pfennigs and the Bundesbank purchased DM 22.7m worth of stock. Mark Foreign *Loans were lower.*

Brussels

Belgian shares were mostly lower in moderate trading.

In Foreign stocks, German and UK issues were little changed, Dutch and U.S. lower, Canadians and French mixed. Gold Mines were steady.

Milan

Moderately higher in very quiet trading.

Bonds were quietly mixed.

Australia

Markets rose, highlighted by gains in Golds and other Mines. Gold reflected the record gold prices in Europe overnight and healthy interim result from Central Norseman, up A$1.50 to 20.70, and Gold Mines of Kalgoorlie, up 12 cents to 1.12.

Poseidon added 10 cents at 66 cents after releasing its first result since relisting.

Among Coppers, **Bougainville** rose 7 cents to 2.04 in reaction to improved Copper prices overseas. Mt. Lyett shed 3 cents to 80 cents.

Hamersley put on 5 cents to 2.40, **CRA** 8 cents to 3.80 and **Associated Minerals** 2 cents to 1.80.

BHP moved up 14 cents to 9.90, but **ICI** fell 10 cents to 2.48 on the announced A$900m expansion plans.

Tokyo

Share prices were slightly lower in limited trading after late liquidations pared initial gains. Volume 320m (380m) *shares.*

Many shares fell towards the close, reflecting concern about the situation in Iran. Steels, Heavy Electricals and some Export-Orientated issues led the decline.

Nippon Steel shed Y3 to Y138, **Kawasaki Steel** Y4 to Y129, and **Sony** Y30 to Y370.

Real Estates also declined on reports the Japanese Finance Ministry has asked Banks to be cautious in their lending for land acquisition.

Some Oils and Mineral Resources rose, following U.S. *Energy Secretary's statement* the U.S. will have to take conservation measures to deal with the loss *of oil from Iran.* **Nippon Oil** rose Y17 to Y768, **Arabian Oil** Y160 to Y2,960 and **Sumitomo Coal** Y2 to Y134.

Amsterdam

Movements were mixed in very quiet trading with **Royal Dutch** *Fl 0.50 lower at 124.3 in other*wise steady Dutch Internationals.

RSV and **VMF-Stork** advanced Fl 3 and *Fl 4.50 respectively*, following details on Government Aid. **Robeco** lost Fl 1.40 to *Fl 163.71—it announced an Fl 8* final 1978 dividend.

State Loans were steady to higher.

Johannesburg

Gold shares were mixed in cautious trading towards the close in line with higher bullio nindications. The hardening of the Financial Rand to 68.5, prompted by the Reserve Bank upward adjustment of the Commercial Rand, inhibited *overseas interest.*

Mining Financials were slightly firmer following recent gains in *the Gold sector.*

T. C. Lands were up R1.50 to 31.25 on consideration of oil supply disruptions. Colliery shares improved.

Platinums gained marginally while Coppers were little changed.

Industrials tended firmer in moderate trading.

Mexican prices up

Wholesale prices in Mexico rose by 3.5 per cent in January, from the December level, because of price increases in late December, according to central bank figures, AP-DJ reports from Mexico City. The consumer price index for January showed an identical 3.5 per cent jump in retail prices.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
Φ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. • Interim since increased.

Indices

NEW YORK—DOW JONES

	Feb. 7	Feb. 6	Feb. 5	Feb. 2	Feb. 1	Jan. 31	1978-79 High	1978-79 Low	Since Compil'n High	Since Compil'n Low
◆ Industr'ls	816.01	822.85	823.98	834.63	840.87	839.22	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	85.32	85.51	85.87	85.90	85.61	85.41	90.88 (4/1/78)	84.83 (15/1/79)	—	—
Transport	206.56	209.29	209.65	213.48	214.31	214.56	261.49 (8/9)	199.31 (9/1/78)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	103.42	103.32	103.98	104.26	104.85	104.91	110.98 (3/1)	97.75 (3/1/12)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's	28,450	23,570	26,490	26,350	27,980	30,380	—	—	—	—

◆ Day's high 823.46 low 810.81

	Feb. 2	Jan. 26	Jan. 19	Year ago (approx)
Ind. div. yield %	5.83	5.66	5.81	5.98

STANDARD AND POORS

	Feb. 7	Feb. 6	Feb. 5	Feb. 2	Feb. 1	Jan. 31	1978-79 High	1978-79 Low	Since C'mpil'n High	Since C'mpil'n Low
‡Indust'ls	108.23	109.26	109.26	110.65	111.40	111.82	118.71 (12/9)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	97.16	98.05	98.09	99.50	99.96	99.93	106.99 (12/9)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	Jan. 31	Jan. 24	Jan. 17	Year ago (approx.)
Ind. div. yield %	4.99	4.96	4.97	5.22
Ind. P/E Ratio	9.05	9.06	9.01	8.69
Long Gov. Bond Yield	8.84	8.91	8.97	8.18

N.Y.S.E. ALL COMMON

Feb. 7	Feb. 6	Feb. 5	Feb. 2	1978-79 High	1978-79 Low
54.47	54.99	55.01	55.79	60.38 (11/9)	48.37 (6/3)

Rises and Falls

	Feb. 7	Feb. 6	Feb. 5
Issues Traded	1,854	1,877	1,968
Rises	312	695	291
Falls	1,184	722	1,283
Unchanged	358	460	394
New Highs	18	17	15
New Lows	22	17	22

MONTREAL

	Feb. 7	Feb. 6	Feb. 5	Feb. 2	1978-79 High	1978-79 Low
Industrial	225.92	226.15	225.65	226.98	232.44 (29/1/79)	162.80 (16/2)
Combined	230.01	230.63	230.35	231.12	237.05 (29/1/79)	170.82 (30/1)
TORONTO Composite	1349.9	1352.1	1347.6	1349.6	1382.4 (29/1/79)	998.2 (30/1)
JOHANNESBURG Gold	290.7	283.1	280.8	269.1	290.7 (7/2/79)	186.8 (20/4)
JOHANNESBURG Industrial	304.9	304.7	303.2	302.0	304.9 (7/2/79)	194.9 (13/3)

	Feb. 8	Pre-vious	1978-9 High	1978-9 Low
Australia(¶)	558.46	594.89	588.46 (8/2/79)	411.19 (1/3)
Belgium (‖)	104.90	105.35	105.35 (7/2/79)	93.45 (25/6)
Denmark(**)	—	93.03	98.95 (14/6)	88.08 (30/10)
France (††)	74.4	73.7	83.0 (4/10)	47.6 (3/2)
Germany(‡‡)	800.10	789.4	863.8 (19/10)	738.4 (17/5)
Holland (§§)	81.1	81.7	93.1 (11/8)	78.0 (4/4)
Hong Kong (¶¶)	545.52	553.53	707.70 (4/9)	383.4 (13/4)
Italy (‖‖)	73.00	72.38	82.25 (28/9)	55.45 (10/1)
Japan (a)	455.40	454.49	462.87 (31/1/79)	364.04 (4/1)
Singapore(b)	360.34	364.58	414.50 (6/9)	252.0 (9/1)
Spain (d)	99.36	97.53	99.36 (8/2/79)	95.03 (12/1/79)
Sweden (e)	393.67	390.97	408.00 (4/8)	335.74 (3/1)
Switzerld(f)	313.1	312.5	323.7 (14/2)	281.8 (26/9)

Indices and base dates (all base values 100 except NYSE All Common—50; Standards and Poors—10; and Toronto 300—1,000; the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 29/12/78. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

WEDNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Boeing	531,600	70⅞	−2⅝
Citicorp	287,200	23⅛	−⅜
Gardner-Denver	270,700	30⅝	−⅜
Dow Chemical	260,000	25⅛	−⅜
Bally Mfg.	254,600	57½	−1⅜
Baxter Travenol	248,500	37⅛	−1⅞
Pepsico	244,200	23⅞	—
Pan-Amer. Air.	224,800	8⅛	−⅝
Ramada Inns	215,000	10⅝	−⅜
Exxon	207,500	49⅝	+⅛

NEW YORK

Stock	Feb. 7	Feb. 6
Abbott Labs	32	32
AM International	17⅞	20½
Aetna Life & Ca.	39¼	39¾
Airproducts	25¾	25⅞
Alcan Aluminium	34⅛	34
Alcoa	50¼	50⅜
Alleg. Ludium	16⅝	16¾
Amer. Motors	5¾	5¾
Amer. Nat. Res.	36¼	36¼
Amer. Standard	48¼	43
Amer. Stores	38⅞	38¼
Amer. Tel. & Tel.	62¾	63
Ametek	32½	32⅝
AMF	16⅜	16¾
AMP	31¾	32⅝
Ampex	14½	15
Anchor Hocking	28¼	28½
Anheuser Busch	25½	26
Armco	19⅞	20
A.S.A.	27⅛	26⅞
Asamera Oil	15	15¼
Asarco	19	18
Ashland Oil	38¼	37⅞
Atl. Richfield	58½	58¼
Auto Data Pro.	28¾	29⅛
AVC	9⅝	10
Avco	19⅝	20⅛
Avon Products	49⅝	49⅝
Balt. Gas Elect.	25⅝	25⅝
Bangor Punta	20⅝	20¾
Bank America	24⅛	24⅝
Bankers Tr. N.Y.	33¼	33⅜
Barber Oil	25	25
Baxter Travenol	37⅛	39
Beatrice Food	22½	23
Beet'n Dick'nson	34¾	34¾
Bell & Howell	15½	15¼
Bendix	38	38⅞
Benguet Cons 'B'	4	4
Bethlehem Steel	22⅛	22½
Black & Decker	18⅜	18½
Boeing	70⅞	73⅝
Boise Cascade	31¼	31½
Borden	25	25
Borg Warner	27	27¼
Braniff Int.	11¾	11⅞
Brascan 'A'	15⅜	15¼
Bristol Myers	34⅜	34½
B. Pet A Drit R.	19	19
Brockway Glass	17¾	17¾
Brunswick	13¾	13¾
Bucyrus Erie	17¼	17¼
Bulova Watch	9¾	9¾
Burlington Nthn.	36½	37⅛
Burrough	67	67⅞
Campbell Soup	33¼	34¾
Canadian Pacific	20¼	20¼
Cana. Randolph	10½	10
Carnation	25½	25⅛
Carrier & Gener.	11⅞	12
Carter Hawley	15¾	16⅛
Caterpillar Tract	58½	59⅜
CBS	53¼	54¾
Celanese Corpn.	40¾	41¼
Central & S.W.	15⅜	15⅝
Certainteed	16⅞	17⅛
Cessna Aircraft	19	19¾
Champion Inter.	20⅞	21⅝
Ch'se Manhattan	29⅝	29⅞
Chemical Bk. NY	38½	38¼
Chesebugh Pond	22	23
Chessie System	26⅝	27⅛
Chicago Bridge	48½	48½
Chrysler	10	9⅞
Cine. Milacron	30¼	31½
Citicorp	23⅛	23½
Cities Service	53⅜	54
City Investing	14⅛	14⅜
Cleveland Cliff	28¾	28⅞
CocaCola	42	43⅜
Colgate Palm	17⅞	18¼
Collins Aikman	9	9
Columbia Gas	25⅜	25⅝
Columbia Pict.	20⅞	21⅜
Com.InsCo.of Am	16¼	16½
Combustion Eng.	35⅝	36¼
Combustion Eg.	10⅝	11⅝
C'M'wth Edison	26½	26½
Corning Glass	58⅜	53¼
CPC Int'rn'tiona	49⅝	50
Crane	29	30
Crocker Natl.	27⅝	28
Crown Zellerb'h	33	33⅜
Cummins Engine	36½	36¾
Curtiss Wright	14⅛	14⅛
Dana	28⅜	28⅝
East Airlines	8¼	8⅝
Eastman Kodak	59⅝	59¾
Eaton	35	35⅛
E.G. & G.	28⅞	29⅜
El Paso Nat. Gas	16¼	16¾
Eltra	28	29
EmersonElectric	34⅜	35⅜
EmeryAirFreight	16¾	16¾
Emhart	33½	35⅛
E.M.I.	2¾	2⅝
Engelhard	33½	32⅛
Esmark	24⅝	24¾
Ethyl	23¼	23¼
Exxon	49⅝	49½
FairchildCamera	29¼	29⅞
Fed.Dept. Stores	32¼	32⅝
Firestone Tire	13	13
Fst. Nat. Boston	26⅜	25⅞
Flexi Van	15	15
Flintkote	29⅝	30½
Florida Power	32⅛	32¼
Fluor	33¼	34
F.M.C.	23⅛	23⅜
Ford Motor	40⅜	40¾
Foremost Mck.	18½	18¾
Foxboro	30¾	31⅛
Franklin Mint	6¼	6¼
Freepost Minera.	35¾	36
Fruehauf	27½	27¾
Fuqua Inds.	9⅝	10⅛
G.A.F.	11¾	12
Gannett	40⅝	40⅜
Geico	27⅜	27¾
Gen. Amer. Inv.	10	10⅛
G.A.T.X.	24⅞	25¼
Gen. Cable	16⅝	16¾
Gen.Dynamics	82	83⅞
Gen. Electrics	46½	47
Gen. Foods	34¾	35
General Mills	26¾	27⅝
General Motors	55⅝	55⅞
Gen. Pub Util.	17½	17⅝
Gen. Signal	25¾	26¾
Gen. Tel. Elect.	28⅞	29¼
Gen. Tire	24¾	25
Genesco	4½	4½
Georgia Pacific	28⅞	28¼
Geosource	28⅛	28½
Getty Oil	35⅛	36⅝
Gillette	25⅛	25½
Goodrich B. F.	17⅝	17⅝
Goodyear Tire	17¼	17½
Gould	26¼	26¼
Grace W.R.	25⅝	25¾
Grt.AtlanPacTea	6⅞	6⅞
Grt. North Iron	26¾	27
Greyhound	11½	11⅝
Gulf & Western	14⅜	14¾
Gulf Oil	23⅝	23½
Halliburton	60¾	61¼
Hanna Mining	34¾	34¾
Harnischfeger	13¼	13⅜
Harris Corpn.	27⅝	28
Heinz H. J.	40½	40⅜
Heublein	29⅜	30¼
Hewlett Packard	86¾	87¼
Holiday Inns	16½	17⅛
Homestake	36⅛	35¼
Honeywell	68⅛	68¼
Hoover	10½	10⅝
Hosp.Corp. Amer	26¾	27⅛
Houston Nat.Gas	25	25¼
Hunt (Ph.A) Chm	13	13
Hutton (E.F.)	15⅝	16⅛
I.C. Industries	26¼	27⅛
INA	40⅝	41¼
Ingersoll Rand	47⅝	48⅜
Inland Steel	36⅛	37⅛
Insilco	11¾	12
Johns Manville	23⅜	23⅛
Johnson Johnson	72⅝	73⅜
Johnson Control	27	28⅛
Joy Manufacturg	29¾	30
K. Mar Corp	24	24
Kaiser Alumini'm	17⅝	17⅞
Kaiser Industries	2¼	2⅛
Kaiser Steel	23	22¾
Kaneb Services	13⅜	13⅜
Lone Star Ind'sts	21½	21½
Long Isl'nd Ltd	17⅞	18
Louisiana Land	24½	24½
Lubrizo	45⅞	46¼
Lucky Stores	14¾	14½
MacMillan	11⅛	11½
Macy R.H	33	33½
Mtts. Hanover	32⅜	32¼
Mapco	26⅞	27⅝
Marathon Oil	56⅞	56½
Marine Midland	15⅛	15¼
Marshall Field	16⅞	17⅛
May Dept. Stores	24	24⅜
MCA	42¾	44
McDermott	21¼	21¼
McDonnell Doug.	29¾	31
McGraw Hill	28⅝	28⅝
Memorex	30⅞	30⅞
Merck	66¾	66⅝
Merrill Lynch	16¼	16¾
Mesa Petroleum	36⅜	35¾
MGM	20¾	21⅝
Minn Ming & Mtg	59½	60½
Mobil Corpn.	68½	69⅜
Monsanto	47¾	47⅞
Morgan J. P.	45⅝	46¾
Motorola	37½	38¾
Murphy Oil	40⅞	41½
Nabisco	24	25
Nalco Chemicals	29	29¼
National Can	18¾	18¾
Nat. Distillers	19½	19½
Nat. Service Ind.	16	16
National Steel	31⅝	31¾
Natomas	43½	44
NCR	64	64⅜
New England E.	22⅞	23
New England Te	35¼	35½
Niagara Mohawk	15	15
Niagara Share	9⅞	10¼
N. L. Industries	21	21¼
Norfolk & West'n	24	24⅛
North Nat. Gas	35½	36⅛
Nthn. States Pwr	24⅜	24⅜
Nthwest Airliner	27¼	27¾
Nthw'st Bancorp	24¼	24¾
Norton Simon	15¾	15⅞
Occident'l Petrol	17½	17¾
Ogilvy Mather	21¾	22¾
Ohio Edison	16⅝	16¾
Olin	17⅜	17¾
Overseas Ship	22⅛	22⅜
Owens Corning	25⅝	26
Owens Illinois	18½	18½
Pacific Gas	24½	24½
Pacific Lighting	20⅞	21
Pan Pwr. & Ltg.	20⅝	20¾
Pan Am World Air	8⅛	8¾
Parker Hannifin	25¾	26½
Peabody Intl.	21	22
Penn Pw. & L.	20⅜	20⅝
Penney J. C.	31⅛	31⅝
Pennzoil	32¼	32¼
Peoples Drug	10⅞	11
Peoples Gas	33⅜	33½
Pepsico	23⅞	23¾
Perkin Elmer	28¾	29⅛
Pfizer	30¼	30½
Phelps Dodge	27⅜	26¾
Philadelphia Ele.	17¼	17
Philip Morris	67½	67¾
Phillips Petro'm	31⅛	31⅛
Pilsbury	35	35⅝
Pitney-Bowes	24¼	24¼
Pittston	18⅜	18¼
Plessey Ltd ADR	20⅛	20½
Revlon	49¾	50⅛
Reynolds Metals	34⅞	35
Reynolds R.J.	56¾	57½
Rich'son Merrell	22¼	22¾
Rockwell Inter.	37¼	37¾
Rohm & Haas	35½	35⅞
Royal Dutch	68⅝	68¾
RTB	11	11¼
Ross Togs	10⅝	10⅛
Searle (G.D.)	11⅞	12⅜
Sears Roebuck	20⅝	20½
SEDCO	28¼	28½
Shell Oil	30¾	31⅛
Shell Transport	49	47⅝
Signal	24	24⅛
Signode Corp.	32½	32
Simplicity Pat.	10⅞	11⅛
Singer	13¾	13¾
Smith Inter.	43⅜	44
Smith Kline	87¼	87½
Solitron	3¼	3½
Southdown	39¼	39
Southern Cal.Ed.	26½	26½
Southern Co.	13⅞	13⅞
Southern Nat Res	33⅜	34⅛
Southern Pacific	27¼	27½
Southern Railw'y	48½	48½
Southlam	25⅞	26¼
S'w't Banshares	25	25¼
Sperry Hutch	14¾	14⅝
Sperry Rand	45	45⅝
Squibb	30¼	30⅜
Standard Brand	24⅞	24⅞
Std.Oil California	45	45½
Std. Oil Indiana	65½	56⅛
Std. Oil Ohio	45½	45⅝
Stauff Chemical	39⅛	40
Sterling Drug	15⅞	15⅞
Studebaker	28	29¼
Sun Co.	42⅝	42½
Sundstrand	22¾	23⅝
Syntex	34½	35
Technicolor	11½	11¾
Tektronix	48½	50¼
Teledyne	113⅛	114⅜
Telex	5⅝	5⅞
Teneco	29⅞	30⅛
Tesoro Petr'leum	8¾	8⅞
Texaco	24⅛	24
Texasgulf	23½	23
Texas Eastern	38¼	38½
Texas Inst'm	79¾	80⅝
Texas Oil & Gas	34¾	34⅞
Texas Utilities	19⅜	19⅝
Times Inds	38	38⅞
Times Mirror	30¾	31⅜
Timken	53⅜	53½
Trane	19¼	20¼
Tran. America	16⅝	16⅞
Transco	23¼	23⅛
Tran. Union	30	30½
Tran-way Intrn.	21	21⅛
TWCorp	15¾	16⅛
Travelers	34	34⅞
Tri-Continental	17½	17¼
Triton Oil & Gas	4¼	4⅜
TRW	34⅞	34½
20th CenturyFox	33	32⅜
U.A.L.	26⅜	27½
UARCO	51⅝	51⅝
UGI	18	18⅛
Unilever	42	42
Unilever NV	61¼	61
Union Bancorp	29½	29⅝
Union Carbide	35⅜	35⅞
UnionCommerce	9⅛	9¼
Union Oil Calif.	56	56
Union Pacific	53¾	54
Uniroyal	6⅝	6⅞
United Brands	9⅛	10¼
US Bancorp	28	28½
US Gypsum	27	27
US Shoe	20¾	21
US Steel	23⅝	24
UtdTechnologies	37	37¾
UV Industries	32	30⅞
Virginia Elect.	14¼	14¼
Wagreen	26⅜	26⅝
Wallace-Murray	20⅞	21
Woolworth	19⅝	19⅞
Wyly	4⅝	4¾
Xerox	57½	57⅛
Zapata	12¼	12⅜
Zenith Radio	13¼	15½
U.S. Treas. 4% '80	†94¾	†94⅛
USTreas4¼%75/85	†78⅜	†78¾
U.S. 90-day bills	9.22%	9.15%

CANADA

Stock	Feb. 7	Feb. 6
BP Canada	21¾	21½
Brascan	18½	18⅜
Brinco	6¾	†6¾
Calgary Power	39⅞	40⅜
Camflo Mines	16	15⅝
Canada Cement	12	12
Canada NW Lan.	9⅝	9¾
Can.Imp.Bk.Com	29	29⅝
Canada Indust.	†21¼	21¾
Can. Pacific	24¼	24
Can. Pacific Inv.	24½	24¾
Can. Super Oil	†73½	74½
Carling O'Keefe	4.70	4.75
Cassiar Asbestos	9½	9⅝
Chieftain	29½	30
Cominco	35	35
Cons. Bathurst	12¾	12⅞
Consumer Gas	18⅝	18⅝
Coseka Resource	6¼	6½
Costain	13	†13
Daon Devel.	17½	17¼
Denison Mine	79¼	79⅝
Dome Mine	101	98
Dome Petroleum	96½	97
Dominion Bridge	30¾	†30½
Domtar	24⅞	25
Dupont	17¾	17½
Falcon'ge Nickel	35¼	35
Ford Motor Can.	†68¼	69
Genstar	37½	37⅝
GiantYell'wknife	13	12½
GulfOilof Canada	36	35¼
Hawker Sid. Can.	10⅛	10
Hollinger	†43	†43
Home Oil 'A'	†42¾	†43
Hudson Bay Mng.	24	24⅛
Hudson Bay	21⅞	22¼
Hudson Oil & Gas	58¼	58½
I.A.C.	17¾	17⅞
Imasco(Com.Stk)	38	38
Imperial Oil	25½	25½
Inco	22¼	21¾
Indal	14¼	14¼
Inland Nat. Gas	11⅛	11⅜
Int'p.v. Pipe Line	17⅛	17¼
Kaiser Resource	16¼	16¼
Lauri Fin. Corp.	10⅜	10½
Loblaw Com. 'B'	4.50	4.55
McMill'n Bloed'l	22¾	23
Marks & Spencer	8¼	8⅛
MasseyFerguson	10⅞	10⅞
McIntyre	27½	27¼
Moore Corpn.	33⅞	34¼
Mountain State R	3.55	3.60
Noranda Mine	41⅛	41⅝
Norcen Energy	16⅝	17
Nth. Telecom	42	42¼
Numac Oil & Gas	28⅝	29
OakwoodPetro'p	4.60	4.60
PacificCopper M	1.72	1.78
Pacific Petrol'm	65	65
Pan CanPetrol'm	40½	40¼
Patino	†19¾	†19¾
For Peoples Dept. S.—see Marks & Spencer		
Place Gas & Oil	2.41	2.44
Placer Develop't	27½	27
Power C'porat'n	22⅜	22½
QuebecSturgeon	1.21	1.60
Ranger Oil	16¼	16¼
Reed Stenhouse	10⅜	10⅜
Rio Algom	37⅜	38
Royal Bk. of Can.	40⅜	40⅞
Royal Trustco	14⅞	15
Sceptre Res'urce	8¾	8¾
Seagram	32⅝	33¼
Shell Canada	16¼	15¾
Sherritt G. Mines	10	10
Simpson	2.45	2.40
Steel of Canada	28½	29⅛
Steep Rock Iron	4.10	4.05

† Bid. ‡ Asked. § Traded. ¶ New stock.

AUSTRALIA

Feb. 8	Aust. $	+ or —
ACMIL (25 cents)	†0.74	......
Acrow Australia	†1.00	......
AMATIL $1	†2.28	......

STOCKHOLM

Feb. 8	Price Kronor	+ or —	Div. Kr.	Yld. %
AGA AB (Kr. 40)	212	−1	5	2.4
Alfa Laval(Kr.50)	144	......	5	3.5
ASEA(Kr.50)	87	+2	5	5.7
AtlasCo'co Kr25	113	+1	6	5.3

GERMANY ◆

TOKYO ¶

AMSTERDAM

BRUSSELS/LUXEMBOURG

SWITZERLAND ◆

COPENHAGEN ♣

VIENNA

MILAN

OSLO

JOHANNESBURG

PARIS

BRAZIL

SPAIN ♥

Source Nikko Securities, Tokyo

Source: Rio de Janeiro SE.

Securities Rand $U.S. (Discount of 41.67%)

BASE LENDING RATES

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS

Caterpillar threat to pine forests

Financial Times Reporter

THE FORESTRY Commission is to mount a massive aerial spraying operation over thousands of acres of Scottish pine forests which it says are "seriously threatened" by caterpillars.

Plantations of Lodgepole pine, in five forests in north, south and east Scotland, have been hit by the caterpillars of the Pine Beauty Moth, the Commission said yesterday. The caterpillars kill the trees by feeding on their pine needles.

Last year, the Commission carried out a similar spraying operation to save 12,000 acres of Lodgepole pine in forests in Sutherland and Caithness, and achieved a 97 per cent success rate. The trees now at risk are all in new outbreak areas.

A Commission spokesman said: "The total area of plantations at risk in North Scotland amounts to some 4,500 acres, of which 2,470 acres lie in Torrachilty Forest, Ross-shire, almost 1,500 acres in Shin Forest, Sutherland, and 580 acres in Naver Forest, Sutherland.

"In east Scotland, the outbreak threatens 1,900 acres in Craigellachie Forest, Morayshire, and in the south, Bareagle Forest in Galloway has some 480 acres which are seriously infested."

Sharp rise in cocoa

By Our Commodities Staff

LONDON COCOA futures prices broke out of their recent narrow trading range yesterday afternoon with the May position ending the day £63.5 higher at £1,803 a tonne.

Earlier the market had maintained the see-saw pattern of price movements which has characterised its performance over the past week. Following an initial £40 permissible limit rise nearby prices subsided to end the morning session about £20 higher.

But a wave of speculative buying near the close, largely based on chart indications, pushed the May price up to £1,815 a tonne at one stage.

There was no new fundamental news, but concern over flooding in Brazil's Bahia cocoa region—which some dealers said on Wednesday had been discounted—appeared to have re-emerged as an unsettling factor.

Traders said the Ivory Coast was still a keen seller of new crop cocoa.

Eggs cheaper as supply improves

BY RICHARD MOONEY

EGGS WILL be up to 7p a dozen cheaper in the shops next week Goldenlay, Britain's major egg marketing consortium announced yesterday.

The company said prices were returning to "normal" levels following the rises caused by the lorry drivers' strike, which had interrupted supplies of high-protein feed. In some parts of the country production was reduced by as much as 25 per cent.

Next week's cuts will trim 7p a dozen off large eggs—sizes one and two—sizes three and four will be 6p and 5p a dozen cheaper respectively and sizes five and six will be each lose 4p. Size seven, the very small grade used mainly by the catering trade, will be 10p a dozen cheaper.

Even following the price cuts most producers should still be making profits, a Goldenlay spokesman said.

After months of losses producers in general broke through the break-even level early in December. Production is still slightly lower than immediately before Christmas and next week's cuts will still leave prices marginally higher than at that time.

The recent pattern of chick placings is seen as indicating a further decline in production which should make for a relatively buoyant market in the coming months. In December the total number of chicks placed in batteries was 25 per cent less than a year earlier and further cuts are expected.

Meanwhile most meat prices were steady but the price of New Zealand lamb has come down this week following the release of substantial stocks which had been obstructed by the hauliers' dispute.

About 2,000 tonnes of Danish bacon, half Britain's weekly intake, are still stranded on the quayside at Grimsby docks following a vote by port workers to continue industrial action.

The balance of supplies will come in a normal through Harwich and Newcastle, the importers said, although distribution would probably be disrupted.

During the recent hauliers' strike Danish bacon curers lost 3,000 tonnes of production because of the blockade at the ports. Slicing and packing factories, closed temporarily during that dispute, have not yet been affected by the Grimsby dockers' action.

Aluminium shortage fears in U.S.

BY DAVID LASCELLES IN NEW YORK

ALUMINIUM COMPANY of America (Alcoa), the largest U.S. aluminium producer, confirmed yesterday that it is temporarily taking no new orders for most ingot products.

A spokesman said this was was due to heavy demand, and the company wanted to "step back" to assess the market.

"Demand for the metal has continued to grow, and capacity is at a point where it is causing some difficulties," he said.

However, he stressed that ingots represent only 5 per cent of Alcoa's revenue because the company consumes most of its ingot production itself.

The tightness of the market has enabled aluminium producers to push up their ingot prices in recent weeks, from around 55 cents a pound to 60 cents.

But President Carter's price controls put a limit on increases in the domestic market. For this reason, some producers have been deliberately exporting more than normal to escape domestic controls and profit from high prices abroad.

Speculators have also bought up price controlled ingots and resold them on the open "free market."

Our Commodities Editor writes: Kaiser Aluminium announced yesterday it was raising its international—export—price for primary aluminium ingots from 56 to 59 cents a lb. This follows a similar increase in world export prices announced by Alcan of Canada on Monday.

New peaks in silver market

By John Edwards

SILVER PRICES jumped to new peaks yesterday. The London bullions spot quotation was raised by 9.3p to 373.2p a troy ounce at the morning fixing.

Values subsequently eased following the statement by the U.S. Treasury Secretary of possible support for the dollar.

But the market rallied in late trading as the New York market surged to new highs.

London free-market platinum prices also rose to record levels, gaining £2.50 to £210.25 a troy ounce.

On the base metal markets, three months copper was traded at £1,000 a tonne again in pre-market dealings, reflecting Asarco's producer price rise in the U.S. to a record 90 cents a pound announced overnight.

However, values subsequently declined, with three months wirebars closing at £979.5 a tonne, £5.5 up on the previous close, and cash wirebars £5 higher at £964. A depressing influence was the rise in UK interest rates.

Meanwhile, Reuter reported from Lima that Peruvian miners may start an indefinite strike later this month. Production at the Cunjone mine in southern Peru is said to be paralysed by a stoppage by 150 workers at the concentrator plant.

Other metals moved erratically. However, Cominco of Canada announced it was raising its U.S. lead from 42 to 44 cents a pound

Farms bit by cold spell

By Our Commodities Staff

CROPS AND livestock suffered in the cold weather during January, the Ministry of Agriculture said in its monthly report.

Crops for grazing animals like kale, turnips and swedes were either damaged by frost or covered with snow. Sheep and cattle in hill areas have been showing signs of stress because of the long cold spell, and farmers drew heavily on their reserves of feed.

In lowland areas stock were generally able to keep fit. Fieldwork and sowing stopped in most parts. Some growing cereal crops have been damaged and potatoes in store have been spoiled by the cold.

AGRICULTURE WHITE PAPER

Scraps for angry farmers

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE GOVERNMENT'S White Paper "Farming and the Nation" demonstrates that in spite of all evidence to the contrary Mr. Silkin and his Ministry have not yet woken up to, or have chosen to ignore, the reality of Britain's membership of the European Community.

The White Paper advocates a continuing increase in the production of commodities in which the Community is already in overall surplus. It is a thin, unconvincing document in which the most notable innovation is the setting up of a *committee of inquiry* into agricultural marketing.

It is as if the Minister asked his aides for scraps to throw to angry farmers, and they have dragged out of the pigeon holes the mass of reports on meat marketing and other palliatives which led to nothing of any real value to the man on the farm.

Special mention is made of the competition from other EEC member states, meaning no doubt Denmark and Holland, without adding that in both these countries production flows through an export bottleneck which can be used effectively to control quality and to some extent prices.

Such organisations which, to give farmers their due have been proposed in Britain many times, have been squashed for two reasons. The first is that supply, not quality, determine prices on a terminal market. Secondly the monopoly laws are an effective barrier to such *developments.*

It is very easy, for instance, for the Danes, through their control of the market, to direct their top-quality bacon to Britain while the remainder is sold domestically. British farmers faced with a similar situation would be able to sell their sub-standard produce outside the bacon market.

This is the factor which has effectively demolished any form of universal marketing in Britain except for the operations of the monopoly boards—the Milk Marketing Board in particular. The Board has, with great help from Mr. Silkin, been able to survive and to control both sales of liquid milk and to some extent the manufacturing market. But that is not to say that its future is for ever secure against the political and commercial pressure of the daily industries in Europe.

In fact the whole of the European milk scene is one of floods, mountains and lakes with the efficient farmers of every country, except Italy perhaps contributing to the unending flow of surplus milk. The authors of the White Paper, like the Bourbons, cannot appreciate that times and circumstances change and that most Community farmers are just as efficient in milk production as the British.

In the face of this it does seem to be extraordinary that the White Paper postulates an increase of 16 per cent in UK milk output by 1983. If any attention is paid to the present *surplus problems* in the Community and the fact that except for Italy all member countries look like recording similar increases, is it sensible to expect that there will be scope for such an increase in production?

The increase in milk production is expected to come from better yields per cow. The only way in which this could be countered is if farmers could be induced to use more grass as against feed compounds as they do in Ireland. Any selective devaluation of the Green Pound, of which cautious mention is made, could *encourage* this change.

Green Pound devaluation would certainly raise farm prices, particularly for cereals and milk, but it would make life more difficult for pig and poultry farmers who do not receive direct price guarantees. Cereals form about 50 per cent of all livestock rations in Britain and any increase in their prices would aggravate the economic problems of the pig and poultry industry.

The White Paper draws attention to the fact that pig production is still running at a depressed level. In point of fact the industry is tottering on the brink of another slump. It is true that the unfairness of the bacon monetary compensation amounts is hurting the UK bacon trade by subsidising Dutch and Danish imports. But while mentioning this in passing the White Paper promises no real alleviation.

In that connection the fresh pork market in this country is, at present protected by disease restrictions which effectively prevent the importation of European supplies. A very serious situation would arise for British pig farmers should these restrictions be removed, as European interests are pressing for Danish and Dutch supplies to be allowed access to British markets with the assistance of MCA payments.

Another matter not to the liking of many farming interests is the acknowledgement in the White Paper that in certain *areas such as Exmoor the claims* of amenity override those of food production.

There is mention of import saving—that NFU watchword which sustains the hopes of many farmers—but in no place does the White Paper demonstrate a single positive step in which that can be developed. Import saving means the exclusion of imports either by tariff barriers or competition but experience not only in food has shown that our community partners are ruthless in using not only MCA's but other means to gain the market.

In essence the document is a catalogue of good intentions and platitudes which underlines the fact that for all his huffing and puffing, to say nothing of his vetoes, neither Mr. Silkin nor his successors can do anything to alter the broad realities of the Common Agricultural Policy.

World wheat pact talks grind to a halt

BY BRIJ KHINDARIA IN GENEVA

A LAST-MINUTE attempt to save the wheat conference from failure has run into trouble, which could mean that talks aimed at replacing the International Wheat Arrangement with a new-style accord might be frozen for at least one year.

The situation will become clear today when delegates meet to reply to a summing-up made yesterday by Mr. Arthur Dunkel, the conference chairman.

The aim of the summing-up was to bring home to delegates the full gravity of the situation and make an appeal for compromise. The chairman will decide today whether to ask for an extension of the conference in the light of the intensive informal talks which continued last night.

Conference sources said the negotiations for the new agreement, which would have included a reserve stock arrangement with an agreed price range to stabilise the world wheat market, would be shelved in favour of renewal of the existing arrangement concluded in 1971.

A senior Common Market official said the Community would not raise objections if the consensus was to renew the 1971 accord but at the same time leaving the door open for further negotiations to arrive at the new-style arrangement.

The chairman told a closed meeting that total contributions for the proposed reserve stocks under the new accord stood at only 18m to 19m tonnes, compared with an American demand for at least 30m tonnes.

Mr. Dunkel made clear that he did not really expect that the huge gap between the contributions offered and the total target set by the U.S. could be bridged.

On the price negotiations, he reported failure to find the base on which a compromise could be negotiated. Although there was apparent agreement between the U.S. and the Common Market on the lower price points at which wheat would be purchased for accumulation into reserve stocks to ease oversupply, it appeared developing nations had raised objections.

There was no basis for compromise concerning the upper price point at which wheat would be sold from reserve stocks.

A senior U.S. official denied EEC allegations that his country was isolated within the conference. A large cross-section of developing countries supported it in its stand for high reserve stocks, compared with the Community's wish to limit total stocks to 15m tonnes.

However, he appeared pessimistic about the chances for a new wheat accord in the near future. He said the likely outcome of the current session of negotiations was adjournement which would leave the way open *for further* talks.

The Community's suggestions would not be enough to stabilise the world wheat market and iron out production fluctuations.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Fluctuated on the London Metal Exchange as recent erratic price movements continued. Forward metal was early bid up to £1,000 in a thin market, but selling emerged over £995 and the price never recovered from this early reversal. Despite the firm performance of silver the price tended to decline. There was two-way pricing business in the morning second ring. At one stage there was a decline as far down as £971 but much of the trading took place in the mid-£980s. The close on the Kerb was £984.5 after a confused day's trading. Turnover: 32,900 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	977.5-8	+8.25	963-5	+.5
3 months	989.5-90.5	+8.75	979-80	+5.5
Settl'm'nt	978	+8	—	......
Cathodes				
Cash	963.5-4.5	+5.25	961.5-3	+11.5
3 months	976-7	+8.25	966.5-7.5	+6.5
Settl'm'nt	964.5	+5.5	—	......
U.S. Smt.	—	......	*80-90	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £978, 79, 78, *three months* £987, 86, 85, 86, 86.5, 87, 88, 88.5, 89, 90, 91. Cathodes, cash £964, three months £977. Kerb: Wirebars, three months £990, 89, 88, 87, 86, 86.5, 86. Afternoon: Wirebars, three months £977, 80, 81, 82, 83, 82, 83, 84, 84.5, 85, 84.5, 84, 83.5, 83, 79, 78, 79, 80, 79.5, 80. Kerb: Wirebars, three months £980, 81, 82, 83, 82.5, 82, 83, 84.

TIN—Moved lower after a steady start at £7,240 for forward metal following the rise in the East overnight. After climbing to £7,270, the price succumbed to profit-taking and hedge selling, while the backwardation narrowed. Buying against U.S. physical business was not sufficient to prevent a fall to £7,160. At the close the backwardation widened again and the shortage of nearby metal in New York put high grade material at a premium in Rotterdam. The close on the Kerb was £7,170. Turnover: 2,735 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7380-400	+50	7270-90	+50
3 months	7250-60	-5	7190-200	-10
Settlem't	7400	+50	—	......
Standard				
Cash	7300-10	-30	7220-40	-15
3 months	7230-5	-7.5	7160-70	-7.5
Settlem't	7310	-30	—	......
Straits. E.	‡51910	+15		
New York	—			......

Morning: Standard: cash £7,325, 20, three months £7,240, 30, 40, 35. High Grade, cash £7,370, 80, three months £7,250. Kerb: Standard, three months £7,210, 20, 25. Afternoon: Standard, three months £7,225, 20, 10, 05, 7,2 7,190, 7,200, 7,190, 80, 70, 80, 70, 60, 70, 65. Kerb: Standard, three months £7,180, 70, 60, 55.

LEAD—Nervous with price movements influenced in the main by copper, but activity was not as intense as in recent trading sessions. Forward metal moved up to £508 in early trading but could not maintain this level and at one stage fell to £491. After a day when no clear trend was evident, the price on the Kerb was £498.5. Turnover: 10,750 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	539-30	+3.5	523-6	—4.5
3 months	499-500	+3.75	495-6	—1.5
Sett'ment	530	+3.5	—	......
U.S. Spot	—	......	*40.44	......

Morning: Cash £527, 25, 28, 29, 30, three months £495, 94, 94.5, 95, 97, 98, 99. Kerb: Three months £500, 497, 96, 97. Afternoon: Three months £493, 94, 96, 98, 97, 95, 96. Kerb: Three months £497, 98.

ZINC—Little changed on balance but price movements were erratic in thinner trading than of late. Forward metal quickly ran up to £424 in early trading *but then fell back in nervous conditions.* A low of £414 was touched, and the close on the Kerb was £415.5. Turnover: 12,175 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	403.5-4	+2	400-1	-25
3 months	418.5-9	+4.5	415-6	+2
S'ment	404	+2	—	......
Prim. west	—	......	*34.5-5.5	......

Morning: Cash £404.5, 4, 3.5, three months £417, 18, 17.5, 18, 18.5, 19. Kerb: Three months £418, 17, 17.5, 17. Afternoon: Three months £415, 17, 18, 18.5, 17, 16.5, 16, 16.5, 16, 15. Kerb: Three months £415, 16, 15.5, 16.

ALUMINIUM—Erratic in a thin market which accentuated price movements. Forward metal first went up to £721 with sellers reluctant but then fell back to £702 before closing on the *Kerb at £713. Turnover: 8,225 tonnes.*

Aluminium	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	711-2	+5.5	706-10	-1.5
3 months	703-5	......	702-4	-1.5

Morning: Three months £718, 19, 20, 21, 20, 19, 17, 16, 15, 14, 12, 10, 706, 5, 6, 8, 12. Kerb: Three months £713, 12. Afternoon: Three months £705, 4, 3, 2, 3. Kerb: Cash £725, three months £702, 3, 4, 5, 7, 8, 11, 13, 14.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

COCOA

Cocoa futures were steady throughout the day with strong Commission House buying causing prices to gain £70 on last night's levels, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
March	1742.0-45.0	+43.5	1745.0-1718
May	1802.0-04.0	+63.5	1815.0-1757
July	1840.3-42.0	+78.0	1844.0-1782
Sept	1865.0-66.5	+72.5	1870.0-1816
Dec	1904.0-06.8	+69.5	1905.0-1858
March	1938.0-40.0	+75.0	1855.0-1890
May	1958.8-69.0	+64.5	—

Sales: 4,400 (3,086) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price for Feb. 7 154.06 (155.09). Indicator price for Feb. 8 15-day average 158.46 (157.07); 22-day average 160.55 (161.49).

COFFEE

The robusta market opened rather disappointingly with the nearby March position coming under a certain amount of pressure from Commission House and trade selling, reported Drexel Burnham Lambert. Prices continued to drift lower in fairly quiet conditions until late afternoon saw good mixed buying push the market steadier to close between £12 lower to £18 higher from previous close.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1419-1420	—12.0	1440-1400
May	1315-1316	+07.0	1320-1294
July	1266-1267	+13.0	1270-1241
September	1215-1217	+18.0	1220-1155
November	1175-1178	+17.5	1175-1155
January	1142-1144	+18.5	1145-1125
March	1112-1115	+18.0	1105-1100

Sales: 5,042 (2,706) lots of 5 tonnes.

ICO Indicator prices for Feb. 7 (U.S. cents per pound): Colombian Mild Arabicas 147.00 (147.50) unwashed Arabicas 131.00 (same); other Mild Arabicas 124.33 (125.00); Robusta ICA 1976 133.00 (same); Robustas ICA 1968 133.50 (same). Daily average 129.81 (130.00).

GRAINS

LONDON FUTURES (GAFTA)—Grains opened 15p higher on old crop wheat, 10p higher on barley, new crops unchanged. In the morning session the market was fairly quiet but steady and values increased 10-20p on wheat to 25p on barley. In the afternoon session barley old crops saw good country and commercial buying and values increased in good volume to close steady 50-65p up on the day. Wheat in light volume saw good buying interest toward the end of the session to close steady 40-50p higher. New crops were virtually neglected and closed 10-20p lower, Acli reported.

WHEAT			BARLEY	
M'nth	Yesterday's close	+ or —	Yesterday's close	+ or —
Mar	93.15	+0.40	87.75	+0.50
May	96.30	+0.50	90.60	+0.65
Sept.	90.05	—0.10	83.95	—0.10
Nov	93.10	—0.10	87.00	—0.20
Jan	96.25	—0.10	90.15	—0.15

Business done—Wheat: March 93.15-92.75, May 96.30-95.50, Sept. nil, Nov. nil, Jan. nil. Sales 84. Barley: March 87.75-87.30, May 90.60-90.00, Sept. nil, Nov. 87.00-87.00, Jan. nil. Sales 285.

HGCA—Location ex-farm spot prices. Other milling wheat: N. Lincoln 91.80. Feed barley: N. Lincoln 85.30, Hants and W. Sussex 84.50.

The UK monetary coefficient for the week beginning Monday, February 12, will remain unchanged.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent. unquoted. U.S. Dark Northern Spring No. 2, 14 per cent, Feb. 93.75, March 92.50, transhipment East Coast. U.S. Hard Winter, 13½ per cent, Feb. 87.75, March 87.50, transhipment East Coast. EEC unquoted. Maize: U.S./French spot 109.75, Feb. 108.00, March 109.50, April-June 113, transhipment East Coast. South African White 2nd half Feb./1st half March 73, Glasgow. South African Yellow 2nd half Feb./1st half March 73 Glasgow. Barley: English feed fob March 89.50 to 90.50 as to size of vessel, East Coast.

EEC IMPORT LEVIES—The following levies and premiums are effective for February 9 in order of current levy plus March, April and May premiums (with previous in brackets). All in units of account per tonne. Common wheat: 85.28, 1.83, 1.83, 7.15 (85.89, 1.22, 1.22, 6.85); Durum wheat: 134.52, rest nil (134.52, rest nil); Rye: 86.07, nil, nil, 6.08 (86.68, nil, nil, 5.48). Barley: 95.02, rest nil (95.02, rest nil); Oats: 92.44, rest nil (92.44, rest nil); Maize (other than hybrid for seeding) 80.71, 0.76, 0.76, 1.06 (80.71, 0.76, 0.76, 1.06); Buckwheat: 4.72, rest nil (4.72, rest nil); Millet: 77.74, rest nil (77.74, rest *nil*); Grain sorghum: 80.79, 3.04, 3.04, 4.87 (80.79, 3.04, 3.04, 4.87). Flour levies: Wheat or mixed wheat and rye flour: 131.03 (131.98); Rye flour: 132.12 (132.98).

SILVER

Silver was fixed at a new high yesterday at 373.20p, a rise of 9.3p an ounce. U.S. cent equivalents of the fixing levels were: Spot 751.5c, up 20.8c; three-month 768.1c, up 22.1c; six-month 782.8c, up 20.6c; and 12-month 807.5c, up 21.8c. The metal opened at 366.8-368.8p (738-742c) and traded with a range of 726-750c before closing at 370.9-372.9p (743-746c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	373.2p	+9.3	365.2p	+1.45
3 months	384.5p	+9.65	377.1p	+2.85
6 months	394.5p	+6.85	—	......
12 months	411.5p	+9.1	—	......

LME—Turnover 317 (284) lots of 10,000 ozs. Morning: Three months 384.5, 4.8, 85, 4.9, 85, 5.1, 5.2, 85, 4.9, 4.7. *Kerbs: Three months 384,* 3.8, 3.5. Afternoon: Three months 376, 6.5, 77, 7.2, 77, 7.1, 77, 7.8, 7.3, 77, 6.8, 6.9, 77. Kerbs: Three months 377, 7.3, 7.5, 79.

COTTON

LIVERPOOL COTTON—Spot and shipment sales in Liverpool amounted to 429 tonnes, bringing the total for the week so far to 1,226 tonnes. Mixed operations indicated some freer involvement among spinners. Activity centred on Middle Eastern growths including Russian and Turkish.

RUBBER

STEADIER opening on the London physical market. Fair interest throughout the day, closing slightly easier. Lewis and Peat reported the Malaysian godown price was 248 (245) cents a kilo (buyer, February).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
March	62.00-62.50	62.08-62.10	63.20
April	62.50-62.80	62.50-62.55	—
Apr-Jne	63.10-65.25	65.00-65.10	64.15-62.80
Jy-Sept	65.05-65.15	64.75-64.80	66.00-64.75
Oct-Dec	67.00-67.05	66.65-66.70	67.75-66.80
Jan-Mar	68.80-68.90	68.60-68.65	69.40-68.95
Apr-Jne	70.60-71.00	70.55-70.70	71.55-70.65
Jy-Sept	72.80-73.00	72.50-72.55	72.95-72.90
Oct-Dec	75.05-75.10	74.50-74.55	75.70-74.85

Sales: 3 (36) lots of 5 tonnes; 605 (590) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 61p (60.5); March 60p (60.75); April 61.75p (61.5).

SOYABEAN MEAL

	Yesterday Close	+ or —	Business Done
	£ per tonne		
February	160.00-55.0	+0.75	152.60
April	128.80-29.1	+1.0	129.50-28.50
June	129.70-30.0	+1.2	130.80-28.50
August	130.80-30.2	+1.15	130.00-129.50
October	128.50-28.7	+0.9	128.50
December	124.10-27.0	+1.25	125.00-24.00
February	125.00-28.5	+0.75	—

Sales: 193 (228) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICES (raw sugar: £98.00 (£97.00) a tonne cif for Jan.-Feb. shipment. White sugar daily price was fixed at £99.00 (same).

Renewed Charter House buying lifted prices at the opening to around 100 points above kerb levels. Thereafter buyers/sellers appeared well matched and quotations were confined within a narrow range in good two-way trading conditions, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
March	103.50-03.70	101.80-01.90	104.25-01.50
May	108.70-08.75	106.95-07.00	109.25-06.50
Aug	112.80-13.00	111.00-11.05	113.30-10.90
Oct	115.65-15.75	113.55-13.60	115.75-13.60
Dec	118.00-18.55	116.05-16.15	118.50-16.10
March	123.25-23.40	121.00-21.10	122.75-21.00
May	125.75-26.40	125.50-24.00	—

Sales: 2,806 (2,282) lots of 25 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £264.50 (same) a tonne for home trade and £167.50 (£167.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for Feb. 7. Daily 7.86 (7.87); 15-day average 7.58 (7.56).

WHITE SUGAR—Close (in order buyer, seller, business, sales): April 103.40, 103.60, 103.60-01.30, 576; July 108.75, 109.25, 109.20-07.00, 226; Sept. 113.25, 114.00, 113.50-12.10, 27; Nov. 118.00, 119.25, nil, nil; Feb. 126.25, 127.00, nil, nil; April 130.50, 130.75, nil, nil; July 134.00, 139.00, nil, nil. Sales 829.

WOOL FUTURES

SYDNEY GREASY—Close (in order buyer, seller, business, sales). Micron Contract: March 356.5, 357.0, 359.0-357.0, 82; May 363.0, 363.5, 366.0-363.0, 49; July 367.5, 368.5, 372.5-368.0, 65; Oct. 367.0, 368.0, 373.0-367.5, 38; Dec. 370.0, 370.5, 376.8-370.3, 64; March 373.7, 374.0, 382.0-375.0, 52; May 375.0, 376.0, 383.1-376.0, 30; July 376.8, 376.0, 383.0-377.0, 35. Sales: 415.

MACHINE No. 10—Sasper — — — —

LONDON GREASY—Close (in order buyer, seller): March 214.0, 220.0; May 220.0, 225.0; July 217.0, 225.0; Oct. 230.0, 238.0; Dec. 231.0, 240.0; March 234.0, 244.0; May 235.0, 244.0; July 238.0, 247.0. Sales nil.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller): March 180.0, 184.0; May 184.0, 187.0; July 184.0, 188.0; Oct. 187.0, 190.0; Dec. 190.0, 194.0; March 191.0, 195.0; May 193.0, 199.0; July 193.0, 199.0. Sales nil.

BRADFORD—The market was firmer, *although rising interest rates could* bring out patches of "cheap" selling by those in need of finance. Crossbreds remain the firmer part of the tops market.

*

GRIMSBY FISH—Supply good, demand fair. Prices at ship's side (unprocessed) per stone: Shelf cod £3.60-£4.40, codlings £2.50-£3.80; large haddock £4.60-£5.40, small £3.50-£4.00; large plaice £3.50-£4.00, medium £3.00-£3.70, best small £3.00-£3.80; medium skinned dogfish £7.20; rockfish £2.00-£2.80; reds £1.80-£2.50, saithe £3.80.

PRICE CHANGES

Price in tonnes unless otherwise stated.

	Feb. 8 1979	+ or —	Month ago
Metals			
Aluminium	£710	......	£710
Free market (c/s)	$1,535/5	......	$1,535/55
Copper cash W Bar	£964	+0.5	£810.5
3 months do. do.	£979.5	+5.5	£825.5
Cash Cathode	£962.25	+11.5	£792.5
3 months do. do.	£967	+6.5	£811.75
Gold Troy oz.	$250.5	......	$219.125
Lead cash	£524.5	—4.5	£473.5
3 months	£495.5	—1.5	£440.5
Nickel	£2520.69	......	‡
Free Market(cif)(lb)	$1.78	......	$1.63
	1.90	......	1.76
Platinum troy oz.	£164.5	......	£152
Free Market	£210.25	+2.5	£173.4
Quicksilver	$205/215	......	$192/200
Silver troy oz.	373.2p	+9.3	299.3p
3 months	384.5p	+9.65	307.2p
Tin cash	£7,250	—16.0	£6,750
3 months	£7,185	—7.5	£6,752.5
Tungsten (z)	$134.14	......	$140.59
Wolfram 22.04 cif	$118/23	......	$129/35
Zinc cash	£400.5	—0.25	£355.5
3 months	£415.5	+2.0	£366.25
Producers	$760	......	$720
Oils			
Coconut (Phil)	$1,025r	......	$960
Groundnut	‡	......	‡
Linseed Crude	£385	+5.0	£376
Palm Malayan	$680w	+5.0	$632.5
Seeds			
Copra Philip	$700p	......	‡
Soyabean (U.S.)	$301.1s	......	$288.7
Grains			
Barley			
Home Futures	£90.6	+0.65	£86.1
Maize			
French No. 3 Am	£108.75	......	£107.5
Wheat			
No. 1 Red Spring	‡	......	‡
No. 2 Hard Winter	£87.75	—0.25	£84.75
English Milling †	£96s	......	£92.5
Other Commodities			
Cocoa Shipment	£1,793	......	£2,052
Future May	£1,803	+65.5	£1,961
Coffee Future			
May	£1,315.5	+7.0	£1,338.5
Cotton 'A' Index	74.9c	+0.8	78.55c
Rubber kilo	61p	+0.5	56.75p
Sugar (Raw)	£98	+1.0	£94
Wooltops 64s (kilo)	269p	+1.0	268p

* Nominal. † New crop. ‡ Unquoted. p April-May. r Feb.-March. s March. v March-April. w April. x Per ton. z Indicator.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on February 8. GB cattle 72.46p per kg. l.w. (−0.24). UK sheep 143.2p per kg. est. d.c.w. (+2.4). GB pigs 61.9p per kg. l.w. (+0.9). England and Wales: Cattle numbers down 8.8 per cent, average price 73.26p (+0.10). Sheep numbers up 10.0 per cent, average price 142.8p (+1.4). Pig numbers down 17.7 per cent, average price 61.8p (+...). Scotland: Cattle numbers up 41.5 per cent, average price 70.35p (−0.46). 18—18—18—18—

SMITHFIELD—Pence per pound. Beef: hind quarters 62.0 to 65.0. Scotch killed sides 55.0 to 60.0; Ulster hindquarters 62.0 to 65.0, forequarters 43.0 to 46.0; Eire hindquarters 62.0 to 65.0, forequarters 44.0 to 46.0. Veal: Dutch hinds and ends 94.0 to 98.0.

AMERICAN MARKETS

NEW YORK, Feb. 8.

Copper—Feb. 84.40 (86.35), March 84.70 (86.70), April 85.15, May 85.60, July 85.55, Sept. 85.55, Dec 85.30, Jan. 35.10, March 84.85, May 84.60, July 84.35, Sept. 84.10, Dec. 83.60.

*Gold—Feb. 242.90 (254.20), March 245.00 (253.00), April 247.00, June 251.50, Aug. 256.00, Oct. 260.50, Dec. 265.00, Feb. 269.60, April 274.20, June 278.90, Aug. 283.60, Oct. 288.40, Dec. 293.20.

Cocoa—March 155.75 (151.60), May 158.50 (153.60), July 160.50, Sept. 162.25, Dec. 164.40, March 166.00, May 166.60. Sales: 908.

¶Silver—Feb. 718.00 (750.00), March 722.50 (742.50), April 726.30, May 730.00, July 738.50, Sept 747.20, Dec. 759.60, Jan. 763.90, March 772.30, May 780.70, July 789.20, Sept 797.70, Dec. 810.70. Handy and Harmon spot 743.00 (739.00).

*Platinum—April 413.20 (423.20), July 414.20 asked (424.20), Oct. 415.30 asked, Jan. 416.80 asked, April 417.90 asked, July 418.90 asked, Oct. 420.40 asked.

Coffee—"C" Contract: March 125.50-125.60 (126.17), May 123.75-124.00 (124.03), July 124.00, Sept. 124.50-125.50, Dec. 124.00-124.25, March 122.00, May 122.50, July 115.00 bid. Sales: 1,533.

Sugar—No. 11: March 8.43-8.45 (8.23), May 8.78-8.79 (8.58), July 9.03, Sept. 9.21-9.22, Oct. 9.34-9.35, Jan. 9.40-9.60, March 9.98-9.99, May 10.10-10.12, July 10.25-10.35.

CHICAGO, Feb. 8

Lard—Chicago loose 24.50 (24.00). New York prime steam 26.00 traded (25.50 nom.).

‡‡Maize—March 235¾-220 (230¼), May 245 (245½), July 250-250¾, Sept. 252-252¾, Dec. 255½-255½, March 262¼.

‡Soyabeans—March 730-735 (742½), May 746-749 (755), July 754-757, Aug. 743-745, Sept 705, Nov. 783½-785, Jan. 692, March 701

||Soyabean Meal—March 193.20-193.50 (197.40), May 195.50-196.70 (196.60), July 197.70-198.00, Aug 197.80, Sept. 194.50-194.50, Oct. 188.50-188.00, Dec. 188.30-188.20, Jan. 188.10-188.20.

Soyabean Oil—March 27.15-27.20 (27.35), May 27.20-27.25 (27.42), July 27.25-27.20, Aug 27.00, Sept. 25.95-26.00, Oct. 25.00-24.90, Dec 24.55-25.60, Jan 24.35-24.40, March 24.35.

‡Wheat—March 361½ (362½), May 342½-342 (343¾), July 320-320¼, Sept. 322½-322¾, Dec. 332¾-333, March 343 asked.

WINNIPEG, Feb. 8. §Rye—May 102.80 (105.00), July 103.50 asked (104.60 asked), Oct. 105.20 asked, Dec. 105.40 bid.

§Barley—March 77.70 bid (78.20), May 78.80 (79.20 asked), July 80.80 asked, Oct. 84.00 asked, Dec. 85.70 asked.

§Oats—March 85.50 (86.00), May 83.20 (83.80), July 82.30 asked, Oct. 82.50 asked, Dec 82.70.

§Flaxseed—May 340.40 bid (345.00 bid), July 334.00 bid (329.00 bid), Oct. 337.00 asked, Nov. 328.00 asked, Dec 328.00 asked.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 190.00 (189.05).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. ‡ Cents per 60-lb bushel. || $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. † Cents per dozen.

Wednesday's closing prices

NEW YORK, Feb. 7.

Cocoa—March 151.60 (148.40), May 153.60 (150.15), July 155.60, Sept. 157.60, Dec. 159.60, March 161.40, May 162.10. Sales: 855.

Potatoes (round whites)—March 57.3 (59.5), April 60.2 (62.0), May 68.0, Nov. 56.4, March 64.0, April nil, May 79.0. Sales: 3,050.

Orange Juice—March 119.30-119.50 (117.30), May 121.90 (119.55), July 123.00, Sept. 123.90, Nov. 118.50, Jan. 112.50, March 112.50, May 112.50-113.00, July 112.50-113.00.

Tin—690.00-725.00 nom. (622.00-725.00 nom.). Spot 690.00-725.00 asked (684.50-725.00).

CHICAGO, Feb. 7

Lard—Chicago loose 24.25 (24.00). New York prime steam 25.75 traded (25.50 traded).

Live Cattle—Feb. 64.00-63.87 (63.72), April 64.80-64.70 (64.45), June 66.25-66.35, August 65.40-65.30, Oct. 64.50-64.60, Dec. 65.55-65.60, Jan. 66.00, Feb. 67.00, April 67.40, June 68.45 bid. Sales: 30,735.

Plywood—March 213.6-213.3 (214.2), May 212.2-212.3 (213.0), July 211.5, Sept 208.5-207.5, Nov. 206.5, Jan. 207.0, March 206.0.

Pork Bellies—Feb. 65.45-65.30 (67.20), March 65.25-65.55 (66.85), May 66.90-65.85, July 66.15 bid, Aug. 64.40. Sales: 5,821.

WINNIPEG Feb. 7 §Rye—May 105.00 (104.70 bid), July 104.60 asked (104.00 asked), Oct. 104.80 bid, Dec. 104.90.

§Barley—March 78.20 (77.70 bid), May 79.20 *asked* (78.80), *July* 81.70 asked, Oct. 84.60 asked, Dec. 84.30 asked.

§Oats—March 86.00 (85.90), May 83.80 (83.60), July 82.50 asked, Oct. 82.80-83.00, Dec. 83.10.

§Flaxseed—May 345.06 bid (341.20 bid), July 339.00 bid (333.20), Oct 335.50, Nov. 330.50 asked, Dec. 330.00 asked.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 189.00 (189.05).

EUROPEAN MARKETS

ROTTERDAM, Feb. 8.

U.S. No. 2 Dark Hard Winter Wheat 13.5 per cent March $159. U.S. Hard Winter wheat ordinary March $158, April-May $158. U.S. No. 2 Red Winter wheat March $165, April $157, May $156. U.S. No. 2 Northern Spring wheat 14 per cent Feb. $172, March $166.50.

Maize: U.S. No. 3 Corn Yellow AFL $119.50, Feb. $118.75, March $117.75, April-June $117.75, July-Sept. $117.75, Oct.-Dec. $117.75.

Rye: U.S. No. 2/Canadian Western April-May $113.

Oats: Norwegian—Feb. $107, 2,40 U.S.—unquoted. U.S./Plate—Feb. $94, Feb.-March $94, March $96. Swedish—Spot $92.50, 1/Canadian feed—unquoted.

Sorghum: Argentine / U.S. — AFL $118.50, Feb. $119, March $110, April-June $107.

Soyabeans: U.S. 2 Yellow Gulfports—Feb. $298, March $297, April-May $301, June $304, July Aug.-Sept. $305, Oct. $277, Nov. $275.40, Dec $273.25, Jan. $281.95, Feb $275.45, March $250.75, sellers U.S./Brazil—unquoted Lakes—unquoted. Argentine—May $294.50, June-July $295.50 sellers.

Linseed: Canadian 1 Atlantic—April-May $328, May-June $325.25, June-July $324.50, July-Aug. $324, Oct.-Nov. $320, sellers Pacific—afloat $342.75, March $338.25, sellers. U.S. one—unquoted. Argentine—unquoted.

Sunflower seed: U.S. Canadian—April-May, May-June $346, June-July $347, Oct.-Nov. $289 sellers.

PARIS, Feb. 8

Sugar (FFr per 100 kilos) March 851/855, May 879/880, July 890/900, Aug. 924/928, Oct. 952/958, Nov 945/955, Dec. 980/980, March 1,016/1,030. Sales at call 13.

Cocoa (FFr per 100 kilos). March 1,432/1,439, May 1,462/1,465, July 1,455/1,500, Sept. 1,500 bid, Dec. 1,500/1,525, March unquoted. Sales at call 3. Accumulative total 86.

INDICES

FINANCIAL TIMES

Feb. 7	Feb. 6	M'nth ago	Year ago
267.00	265.54	260.78	237.72

(Base: July 1, 1952=100)

DOW JONES

Dow Jones	Feb. 7	Feb. 6	Month ago	Year ago
Spot	376.59	373.65	381.74	352.27
F'tur's	374.80	371.08	378.78	333.42

(Average 1924-25-26=100)

MOODY'S

Feb. 7	Feb. 6	M'nth ago	Year ago
1030.0	1019.5	989.7	905.0

(December 31, 1931=100)

REUTERS

Feb. 8	Feb. 7	M'nth ago	Year ago
1531.6	1529.3	1497.2	1402.4

(Base: September 18, 1931=100)

Motor component manufacturers in need of a home market

By ARTHUR SMITH, Midlands Correspondent

THE MOUNTING crisis at BL Cars with the possibility of yet another review of investment programmes must cause alarm among components suppliers. The continued erosion of the vehicle assembly industry in the UK has serious implications for the components sector. Yet another example of how companies are reducing dependence upon the UK and seeking growth overseas is provided by this week's announcement from Guest Keen and Nettlefold of the proposed takeover of a U.S. automotive parts distributor.

The disturbing trends are underlined by the latest statistics from the Society of Motor Manufacturers and Traders which show that last year the industry's trade surplus with the rest of the world was almost halved to £776m—something described by Mr. John Beswick, the SMMT director, as "tragic for the country." An influx of foreign cars, commercial vehicles and components pushed up imports by 27 per cent to £3.08bn, while British companies increased overseas sales by only 3 per cent to £3.86bn.

The motor industry places much of the blame for the reverse upon unofficial strikes and disputes which according to Sir Barrie Heath, chairman of Guest Keen and Nettlefold, cost around £1bn in lost production during the first 11 months of last year. Indeed, in a year which saw the British car market expand by more than 20 per cent to the near record level of 1.59m, domestic output fell 7 per cent to around 1.22m. The extent of the decline can be appreciated from the fact that output was 1.9m vehicles a mere seven years ago.

A similarly depressing picture emerges from the commercial vehicles sector where output last year fell by 4 per cent to 3?3,000 in the face of a growth of nearly 14 per cent in the UK market. The outlook for the current year is hardly encouraging: UK production is expected to be barely changed at 400,000 trucks and 1.25m cars.

For the components sector, which for the last decade has been able to seek some compensation by turning to the lucrative replacement market, there are other ominous trends. Imported cars, including those brought in by Ford, Vauxhall and Chrysler, now account for nearly half UK sales. At that level of penetration, by 1985 almost every other car on the road in the UK will be foreign and dependent to a large extent upon spares supplied from abroad.

More pessimistic forecasts circulating within Whitehall suggest that import penetration could deepen more quickly to 61 per cent of new UK registrations by 1981.

A halt to the decline of the UK car and truck assembly industry is essential, according to Mr. John Thompson, deputy managing director of Smiths Industries and chairman of the accessory and components section of the SMMT. Much of the components industry was currently operating with between 20 and 30 per cent spare capacity. "We need a strong home base from which to launch an export assault."

No growth

The outlook for 1979 is summed up by Mr. John Given, the director responsible for motor components at Wilmot Breeden (Holdings): "The UK market does not show any signs of growth. There can be no argument about that. All we can do is seek to improve our market share and productivity." Wilmot Breeden in a rationalisation programme over the past five years has cut employment in the Midlands by nearly half to 2,250. By contrast, CIM, a French subsidiary of Wilmot Breeden, has expanded output.

The experience of Birmid Qualcast whose foundries supply the raw material for much of the components industry's products bears out the sad tale. Around 1,300 jobs have been lost over the past two years as capacity has been withdrawn from foundries serving the automotive sector. Mr. Terry Davies, managing director of the foundries operation, says that spare capacity across the industry varies between 20 and 40 per cent and that further rationalisation is inevitable.

MOTOR PRODUCTS: BRITISH TRADE PERFORMANCE

	1977	1978	Change %
IMPORTS (£m)			
All motor products*	2,425	3,088	+27
Including:			
Cars	1,324	1,765	+33
Commercial vehicles	210	261	+24
Parts and accessories	723	870	+20
EXPORTS (£m)			
All motor products*	3,756	3,864	+ 3
Including:			
Cars	752	924	+23
Commercial vehicles	641	554	−14
Parts and accessories	1,608	1,740	+ 8
BALANCE OF TRADE (£m)	+1,331	+776	−42

Source: SMMT

* Including tractors, trailers, dumpers, etc.

Mr. David Owen, managing director of Rubery Owen, whose motor components division at Darlaston in the West Midlands has reduced the labour force by around 20 per cent in little more than 18 months, argues that not enough is being done to maintain the UK's position as a vehicle assembler. "We are not taking the five to ten year view. I accept that productivity must be improved, but the investment should be taking place now."

The obvious risk is that as the production capacity for finished vehicles shifts overseas the jobs of the dependent component suppliers will also move. The run down will be gradual: UK components companies have adequate capacity, and, whether or not it is efficient, much of it was laid down years ago at historic cost. But companies seeking new investment and the production volumes to justify such spending will tend to look not to the near stagnant British market but to Europe and the U.S.

Such trends are accelerated by the growth opportunities presented by the re-equipment now underway in the U.S. as the American corporations seek to manufacture smaller, less fuel-hungry cars. The move towards European size vehicles helps the Continental component suppliers who have the technology and expertise to meet requirements. Guest Keen and Nettlefold is establishing a U.S. operation to manufacture its universal joint products; Lucas to produce electronic injection equipment; and Automotive Products to supply clutches.

Overseas investment need not necessarily lead to a loss of jobs in Britain. There is still scope for direct exports and Mr. Charles Davidson, commercial director of Lucas, points out that a new facility overseas can open up extra markets and bring additional orders to British factories.

But in the case of the U.S., one of the markets expected to show most expansion over the next decade, there are obvious advantages from manufacturing locally rather than supplying from a distance of nearly 4,000 miles. Mr. Leonard Potter, sales director of Automotive Products, argues: "For some years the Americans will have to buy overseas because the components are not available in the U.S., but I do not think it will be very long before they have acquired the technology and the local capacity."

Once established in a foreign country a British company will tend to employ local staff, become closely attuned to the needs of the assembler, and be able to offer the necessary flexibility. Such identification with the host country is important.

The complaint most frequently heard by British components companies when seeking orders overseas is against what foreigners term "the British disease"—the belief that industrial disruption will render supplies unreliable. Indeed, the British motor show, an important sales platform for the domestic industry, saw Ford production in Britain halted by strike action. A national reputation for bad labour relations, justified or not, can be expensive for component companies which may therefore be required to finance higher buffer stocks than their competitors as a security against disruption of supply. Mr. John Collyear, managing director of Associated Engineering, says: "Guarantee of supplies is all important to the assembler. It is no use being 20 per cent cheaper if the product does not turn up on time."

An additional facility that companies with international operations can offer to customers is the provision of tooling in more than one country. The trend towards dual sourcing of components and local manufacture is being forced upon companies by events, according to Mr. Potter of AP. "We have enjoyed a marvellous industrial relations record without a serious strike in 10 years. But in the present circumstances of a road haulage and rail strike any foreign purchaser will look upon Britain with great suspicion."

Higher stocks and the shorter production runs implicit in dual sourcing are not without cost to profitability, another factor calculated to inhibit new investment and competitiveness. The report expected from the Price Commission into profit margins in the replacement market also poses a potentially harmful threat to the confidence of the sector.

It is the smaller companies in Britain's diverse components industry which are at greatest risk in any rundown of domestic vehicle assembly. A study undertaken by the Department of Industry in the West Midlands suggested that two-thirds of the suppliers had no overseas sales at all and very few were optimistic about their ability to export in the future. Efforts to diversify away from the motor industry had met with little success. A trend was also identified of the larger firms establishing manufacturing overseas at the expense of direct exports.

The components industry liaison group, an *ad hoc* body formed to exchange views with the Department of Industry, made representations at the time of the announcement of the Peugeot takeover of Chrysler UK about the importance of exports and "design parentage." Attention was drawn to the fact that components are not designed and produced in isolation from vehicle manufacture and that it is essential for UK companies to be involved in new model developments, involving "parentage" by making a contribution to research and taking a share in ownership of tooling and facilities. That role becomes more important with model rationalisation and the trend towards "the world car" with basically standard components but sourced from a number of countries.

The strengths to which Britain can point are its advanced technology, the experience and skills of its workforce and the relatively low wage costs. Against this: Germany and France can claim workers with similar application and possibly higher motivation; total wage bills are less important than unit labour cost; and technology can be exported either by manufacture under licence or by establishing subsidiaries overseas. Against such a background it is understandable that the latest statistics from the SMMT and the trends they reveal have been greeted with some disquiet.

FINANCIAL TIMES SURVEY
Friday February 9 1979

Sullom Voe

By 1981 the flow of crude oil through the recently commissioned Sullom Voe terminal will be sufficient to meet two thirds of Britain's oil consumption. Meanwhile, the project's 31 partners, with their differing requirements, have had to tread a careful path to maintain the Shetlanders' goodwill.

Success in spite of the odds

By Ray Perman
Scottish Correspondent

DESPITE THE sensational headlines Sullom Voe frequently has made, relatively few people in Britain have realised that the UK's largest private building project is being undertaken off the map.

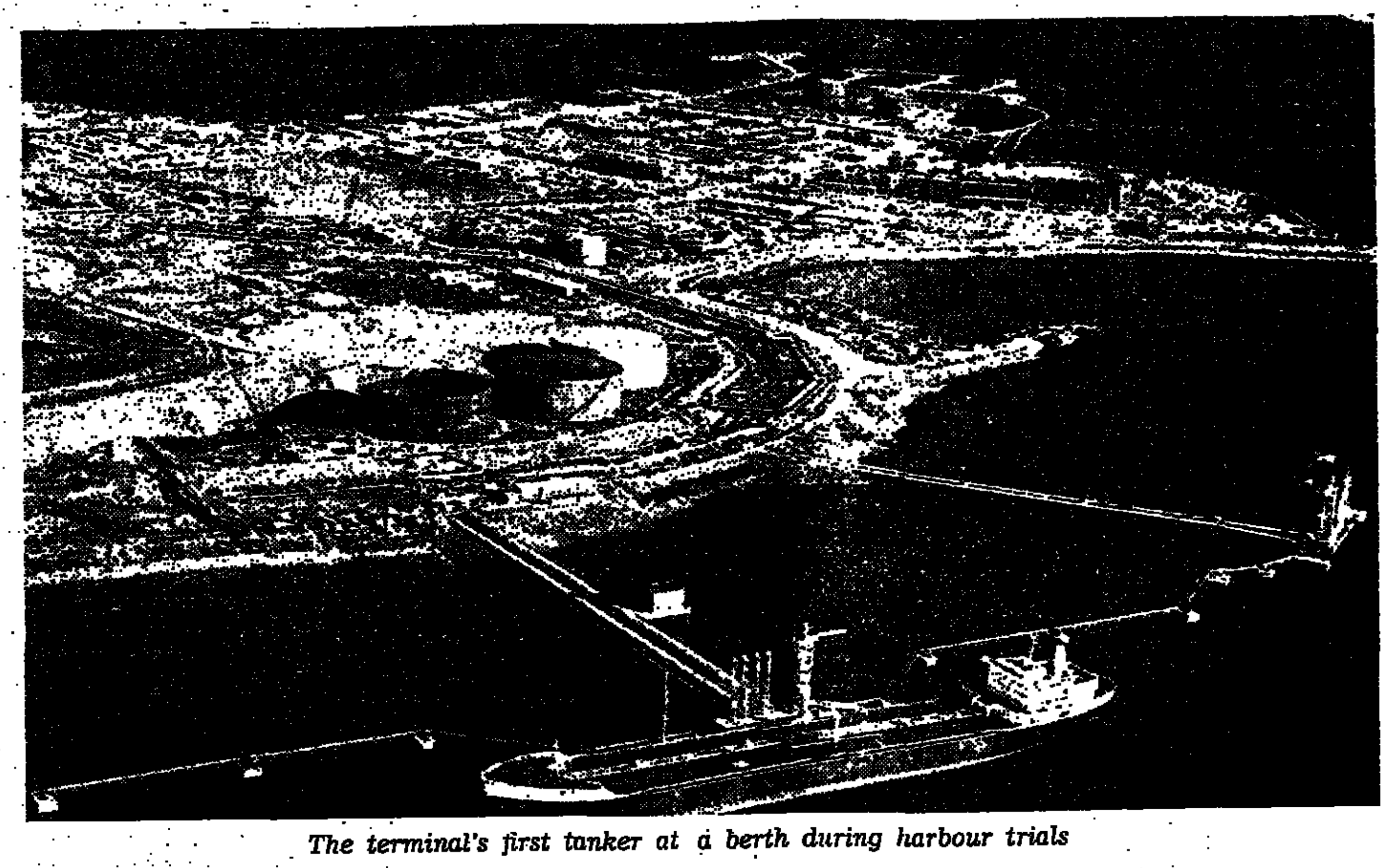
The oil terminal is remote even in Shetland terms; it is an hour's drive from Lerwick, the main town, even on the fast new road provided at the oil industry's expense. But when looked at on most maps of the British Isles, its true position can barely be guessed at. Shetland is shown as a box just off the mainland coast of Scotland when its real location is 100 miles north north-east of John O'Groats—as close to Bergen as it is to Aberdeen and with more similarity in climate and geography to Scandinavia than with the rest of Europe.

Yet Sullom Voe is already important to the UK and as its operations expand will become vital to the nation's energy needs, handling by 1981 sufficient crude oil from the offshore fields of the Shetland Basin to meet two-thirds of our oil consumption.

The size of the project has grown steadily since it was first mooted in 1973, when Shell made a planning application to the then Zetland County Council to build a £20m tanker terminal to trans-ship crude from the Brent Field. The council's insistence that oil companies interested in building bases on Shetland should pool their resources and build one shared installation, and the periodic rethinking by the oil industry itself of what its requirements were likely to be, have resulted in one of the biggest terminals in Europe occupying a key place in the UK oil system.

As presently planned — and that may change when the 31 oil companies involved in the project meet in May — Sullom Voe will cost £813m and be able to handle 1.4m barrels of oil a day. It is already receiving crude through the two pipelines laid into the terminal from oil fields to the east. The Ninian pipeline system brings in oil from the Ninian and Heather Fields. The Brent pipeline system eventually will bring to the terminal oil from Brent itself, and also from the Hutton, Cormorant, Dunlin, Thistle and Merchison Fields. With Magnus and North West Hutton still to be developed, the list could ultimately be longer.

To deal with this vast quantity of raw fuel, Sullom Voe will have 15 storage tanks (four are already complete, with two more well advanced), equipment to remove water from the crude oil and to take off any vapour which could make it dangerous to load into tankers, plant to liquefy, store and load associated petroleum gases and its own power station — large enough to supply the needs of many reasonable-size towns.



The terminal's first tanker at a berth during harbour trials

The oil, and eventually liquid petroleum gas (LPG) will be loaded into tankers at four jetties, which are owned and run by the Shetland Islands Council, successor since 1975 to the Zetland Council. About 500 tankers are expected to visit the terminal this year, rising to 650 in 1980. In a project of these dimensions it is hardly surprising that the headaches have been king-sized as well. Everyone hopes that a few years of successful operation will dim the frustrations and setbacks, but so far they show no sign of diminishing.

After numerous delays, the first phase of the terminal neared completion last spring just as the Ninian Field was due to come on stream. But hopes of an early start foundered offshore, when hold-ups on the Ninian southern platform put the first oil back by six months. Then in November as the second pipeline, linking the terminal with the Brent system, was given its final pressure testing, the piping ruptured. And, more recently, just three weeks before the official opening ceremony by Mr. Robert Bruce, Lord Lieutenant of Shetland, a tanker was damaged as it docked at a jetty. Signs of the 1,160 tonnes of heavy fuel oil that polluted miles of coastline and killed hundreds of birds and animals were still around at the opening ceremony.

Yet the terminal is now operating. First oil from the Dunlin field arrived through the repaired Brent line on November 25, and from Heather through the Ninian line on December 3. Notwithstanding all the disasters and the things which could have been done better, this must count as a huge achievement and one that has been made in the face of considerable odds.

The sheer remoteness of the terminal site has meant that every item of building material has had to be shipped in, mostly by sea. Contractors, led by Foster Wheeler and Constructors John Brown, but including at some stage practically all the leading names in British civil engineering, also have had to contend with the Shetland weather. Bitter cold winters with short days meant sometimes that special installations had to be built over work in progress to protect it from the elements. Rough conditions at sea played havoc with delivery schedules and the rain, which can be torrential, turned the site into a sea of mud.

Schedules

The special conditions of the area have also brought added complications not experienced on other large projects. Before any building work could start thousands of tonnes of peat and loose soil had to be removed from the site and carefully deposited. It could not merely be dumped because its mass was so great it would have changed the drainage patterns of the entire area.

Further, part of the site had to be reclaimed from the sea. Orka Voe, an inlet which cut into the headland on which the terminal was being built, was filled and levelled. And throughout the project, from the initial planning and design, British Petroleum, the operators, and its contractors have had to cater for the different and often changing and contradictory demands of the 31 partners in the project.

Other demands were being made simultaneously by the Shetland council and by other groups in the community. The special powers given to the council by the Government have meant that the oil industry has been compelled to listen to the council's views and, where it was determined to disagree, try to change them with reasoned argument or some more tangible inducement.

But a second requirement, perhaps as important, has been to maintain the goodwill of the Shetlanders themselves. Many of them, understandably, view the terminal project with suspicion, in spite of the considerable resources devoted by BP and other companies to the attempt to make the local people look a little more kindly on the intruders.

Apart from the physical disturbance caused by such a huge construction project and the addition of 5,000 building workers to the island's 20,000 population, Sullom Voe has also put strains on some of the traditional institutions of Shetland. The council has alternatively faced criticism for not taking a more active part in controlling the development, and for being too involved. Outsiders, it has been said, are taking too much of the profit, but on the other hand the council has taken too much on to its own plate.

This sort of criticism was brought to a head by the unfortunate oil spill from one of the first tankers to dock at the terminal—an incident which has brought back to Shetlanders' memories the promises of both the council and the oil industry that they were ready and able to deal with such emergencies and which has shaken the faith of the islanders in both bodies. That faith needs to be restored if the terminal is to find a comfortable place in Shetland life and it will take more than generous cash compensation to do it.

The Council's unique writ

SHETLAND'S RELATIONSHIP to the oil industry is now legendary. In little more than eight years the David and *Goliath story of how one of the* smallest and most remote communities in the British Isles took on and tamed the concerted *might of multi-national industry* has become so firmly established that it is probably too late to shake it.

The truth, of course, is less dramatic, but the myth does not seem to have done either side much harm. The oil majors appear in a slightly more humane role than previously, having supposedly bowed to local pressures rather than riding roughshod over them in *what* is assumed to be their usual manner; and Shetland's new stature as giant-killer has already paid dividends in other fields such as winning political concessions in advance of the devolution referendum at the beginning of next month.

But with the Sullom Voe oil *terminal now operational, it is* as well to take stock of just what that relationship has ment so far.

For example, the buffing and puffing at various stages in the terminal's construction about the damage being done to the national economy by the Shetland Islands Council *delaying* agreement on the method of oil storage, or holding back the grant of an operating licence, *or, for a thousand-and-one* other reasons disrupting work on the terminal, can now be seen for what it was: merely a tactic in the negotiations. In fact, despite all these bureaucratic hinderances and countless hitches for technical reasons and because of the inhospitable Shetland weather, Sullom Voe has been opened in a fairly respectable time and the start of its operations synchronised *remarkably accurately* with the completion of work offshore.

Second, it is worth getting into perspective the amounts of money paid or promised by the oil companies to the islanders. The council estimates that it will receive an amount in ex*cess of £50m by the end of the* century to cover disturbance compensation and revenue from the terminal. Independent assessments put the likely total at £100m-plus, but it would hardly matter if this figure was wildly understated. Set beside the £800m cost of the terminal so far and the literally uncountable turnover it will produce in the next 20 years, it is an *insignificant* amount.

Shetland's interest in the oil industry began in 1971 when the pace of exploration in the northern North Sea made it apparent that the islands, as the nearest British landfall, would be involved at least in providing a location for a supply base, if not for a big onshore *installation.*

Shaped

The attitude of the islanders was shaped by several factors, including the fact that the traditional island industries—especially fishing and knitting—were going through a boom period. They had been disrupted before by incoming high-wage industries in both world *wars and there was no great* desire to see the same thing happen again. On the other hand, there was an understanding that oil development was desirable in the national interest, that it was probably inevitable and that if the community itself did not act to shape development to its own designs, speculators would try to do it instead.

The unprecedented powers *granted* to the council *in the* Zetland County Council Act 1974 enabled it to disinherit the speculators and to insist that any development should be in specific areas and shared between oil companies. Without it, as one oil company executive put it: "*There was a risk of* development breaking out in Shetland like measles."

The Act enabled the council *to purchase land compulsorily* for oil development within a designated area, but there were safeguards. Each transaction had to be given Parliamentary approval, as opposed to being sanctioned by the Secretary of State for Scotland as was usual north of the border. It also permitted the council to control development to limit its impact on the environment, to become the harbour authority for the *new tanker port that would be* built alongside the oil terminal, and to benefit substantially from the development by entering into partnerships with private companies and by opening a reserve fund to receive oil revenues.

These last two powers have proved some of the most useful to the council. It has used its partnership powers, for example, to extend its control over the development and management of Sullom Voe through the formation of the Sullom Voe Association. This non-profitmaking body controls the construction and management of the terminal. The council owns half the shares and the oil industry the rest, *with every company associated* with the terminal required to become a *shareholder.*

Joint ventures of a more conventional kind have been formed with, for example, Grandmet to build and run one of the two construction camps for workers on the terminal; with Clyde *Shipping* and Cory Ship Towage to operate the tugs which manoeuvre tankers in Sullom Voe itself; with local *businessmen to operate a quarry* and with Airwork Services to run a new airport on the island of Unst. These projects, it has been estimated, could net the council £12m by the year 2000.

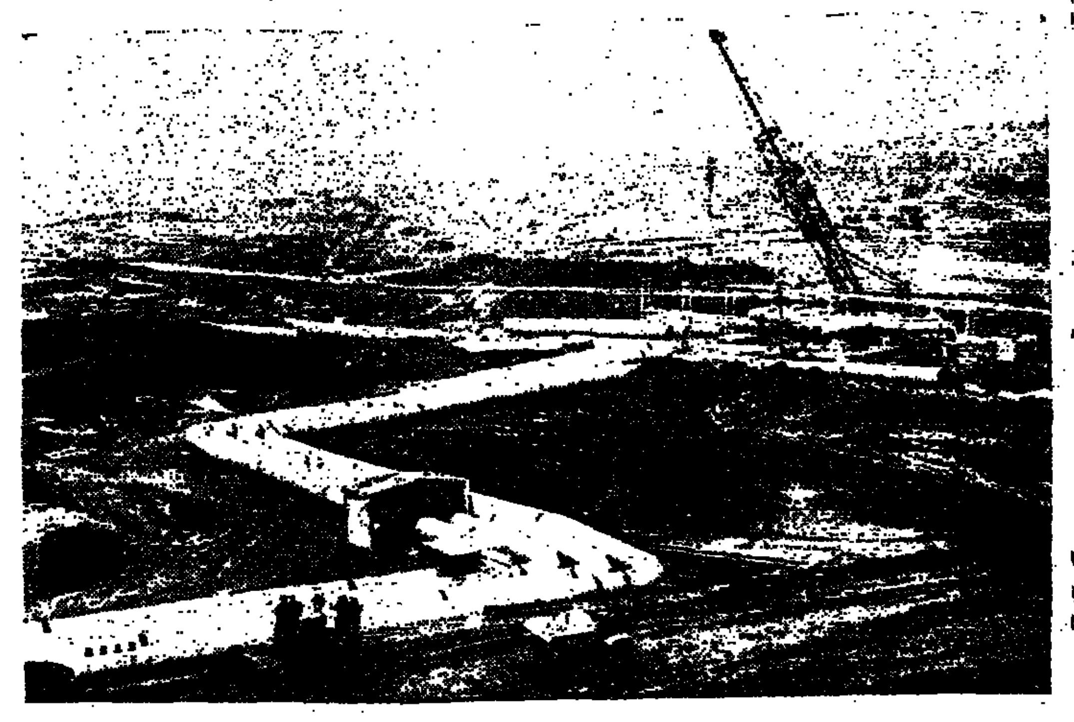
But the big cash benefits come through the reserve fund. So *far it* has about *£10m, mostly* from disturbance payments and the money has been invested by Rothschilds, the council's merchant bankers, to provide interest of about £1m last year, which was spent on local social and industrial projects. Disturbance payments could total £44m (at current prices) by the end of the century.

In addition, now that the terminal is working, the council will receive payments covered by the Ports and Harbours Agreement, signed with the oil companies last year.

Under its terms the council is reimbursed for the cost of building the terminal jetties (which it owns and runs) and will get a sort of user tax, the most startling aspect of which is a levy of 1p per tonne on *crude oil passing* through the terminal. The levy is doubly indexed, to retail prices and to the world price of crude. Estimates of the value of this agreement over the next 20 years start at about £40m.

And, to complete the financial picture, there is still the question of rates to come. The regional rating assessor has yet to give a rateable value for the terminal and it still has to be decided whether it will be eligible for industrial-derating, which would reduce the rates bill by *half. But the contribution of the terminal users to the council's general rate-borne expenditure* is likely to be substantial, and could be as high as 85 per cent.

Ray Perman



Pipetrack construction at Calback Ness

Islanders appalled by first oil spill

SHETLAND ISLANDS Council, under unique and jealously guarded Parliamentary legislation, controls and manages the oil port at Sullum Voe and it is from this "Rolls-Royce of ports" that the Council stands to accumulate millions of pounds for the benefit of Shetland when the oil is no more. With the port eventually handling some 69.5m tonnes of *oil a year, more* than half of it coming from the North Sea, it is little wonder that the Council is ultra-sensitive over its running of the port, anxious that no criticism should be directed at such a valuable asset.

The port became operational on November 30 last, following weeks of controversy over the resignation of the Council's director of ports and harbours, Captain George Biro. This was followed by a last minute confrontation between the council and the oil industry over the terms of the temporary operating licence for the terminal.

All this, however, took second place to the disaster which followed only a month after the port saw the arrival of the first tankers—a tanker accident resulting in 1,200 tonnes of heavy bunker fuel oil escaping into the sea and polluting Shetland's coastline, killing over 1,300 seabirds and contaminating seals, otters and sheep.

Councillors began to realise that a price was going to have to be paid in return for all the riches oil is bringing to Shetland. While the council is all-powerful and has cleverly tied up its oil money in a charitable trust, both councillors and officials believe that its affairs should not be too closely scrutinised by the media and ratepayers in general.

In chronological order, it was the Biro Affair which directed the attentions of Shetlanders to the port which had slowly been developing over the past four years at Sella Ness. In February last year there came the first indication from Captain Biro that he was dissatisfied with the *way things were working out* for his department, particularly with regard to staffing.

Disquiet

He told the Council's Ports and Harbours Committee of the problems of recruiting port staff and that even office cleaners were leaving to take better paid jobs with the oil companies. This was only the tip of an iceberg which eventually surfaced in the autumn when Capt. Biro submitted a report on harbour operations. He was immediately asked *to withdraw the report* because its contents were seen by officials and some councillors as undermining the Council's running of the port.

Capt. Biro expressed disquiet over salary scales in his department, which are tied to local authority pay levels. This, he said, prevented him from recruiting staff of the right calibre. Under such conditions he could not afford to buy the expertise of experienced pilots *or offer attractive fringe* benefits.

While Capt. Biro had the support of colleagues in his *department, the Council's chief* executive, Mr. Ernest Urquhart, and some councillors, believed that Capt. Biro had overstepped his authority and was almost advocating that the running of the port would be better handled by an outside body.

Capt. Biro resigned, and although a group of councillors signed a motion asking him to reconsider, the councillors were evenly split and on the casting *vote of the convenor,* Mr. A. I. Tulloch, it was decided the resignation should be accepted.

Minimum

The Ports and Harbours department is still short of pilots and the acting director of the department, Capt. Bert Flett, has said that he needs 24 pilots on his staff but at the moment there are only 15—the very minimum his department can tolerate.

In the confrontation over the temporary operating licence for the terminal in the absence of a *formal land lease it was the oil* companies which had to give way to the authority of the Council. Tankers were banned by the Council from entering the port until the industry had signed the licence, but the oil companies were unhappy over the main clause under which the oil *industry indemnifies the council* against all risks such as pollution caused by running the terminal. The council argued this included pollution risks associated with the two pipeline systems as well as the terminal itself: after a period of brinkmanship the oil companies *agreed to the licence.*

With all last-minute hitches out of the way tankers arrived at the port and left with the first cargoes of crude oil. On December 30 last the largest tanker to enter the port, the Esso Bernicia, 190,000 dwt, was completing her berthing opera*tion when* one of three tugs assisting her broke down and the tanker crashed into the jetty. She was holed in three places and heavy fuel oil from her ruptured bunkers poured into the water.

The oil was rapidly contained within the terminal area by booms and the terminal closed to tankers until the Esso Bernicia left to undergo repairs in Rotterdam. Tributes were paid to the way the oil had been contained and the terminal had reopened when the news broke that the containing *equipment had failed and* that oil had escaped to pollute numerous beaches. Within weeks of the terminal becoming operational, Shetland was facing its first oil-spill disaster.

Many Shetlanders were soon recalling the words of the council's former pollution control officer, Capt. Chris Hunter, *who had described Sullom Voe* as an "ecological disaster." He predicted that once the terminal became operational there would be, within Sullom Voe itself, an average of one small oil spill every week, a large spill of over 100 tonnes of crude oil every year and a major spill of over 2,000 tonnes once a decade. These spills, said Capt. Hunter, would be additional to any major disaster on the open seas off the west coast. In the event of such a disaster Shetland would be unable to cope.

Professor George Dunnet, chairman of the independent Shetland Oil Terminal Advisory Group, dismissed Capt. Hunter's views as "emotive scare-mongering." While the oil companies claimed that their anti-pollution equipment was designed more for coping with crude oil, a four-man committee *of inquiry was set up by the* council.

The team of councillors will investigate the accident, the *anti-pollution methods used* and why these failed and make recommendations to the Council on what improvements can be made to the anti-pollution plan. It is likely that the Department of Trade and Industry will hold an official inquiry but despite all the reassurances given by *both the Council and the oil* industry Shetlanders are now openly critical of the way the first oil spill was dealt with at Europe's largest and modern oil port.

Request

A request for special pumps to clean up the heavy fuel oil was made but it took several days for these to arrive from Aberdeen and several booms put out to contain the spills were found to be ineffective. Men with buckets and spades were given the task of *shovelling up the black treacle* and it was this sight which appalled many islanders. The state of preparedness for even a small spill was minimal.

The cost of clearing up the oil will be borne by the oil industry. If the Esso Bernicia's owners were not covered by international pollution agreements then the ports and harbours agreement between the Council and the oil industry covers the Council against all costs resulting from pollution.

While oil is giving Shetland great riches, with the Council already holding some £9m in its trust, it has the potential with a major spill to deal the local economy a mortal blow and leave the Shetland environment besmirched for all time. The port and what it entails could well become an albatross round *the neck of the Islands Council.*

Leslie Able

More exploration in stormy seas

THE PRESENT hectic construction programme at Sullom Voe is aimed at completing by late 1981 a crude oil terminal that will be capable of receiving and processing 1.4m barrels of oil a day from the fields to the east of the Shetland Islands. But that might prove to be only the first phase of this £1bn development.

The terminal has been designed so that it can be extended to handle an ultimate capacity of 3m barrels a day. Such a big expansion would require the building of a third pipeline, possibly from new discoveries to the west of the islands. Exploration drilling has been going on in the West of Shetland basin since 1972, but the results so far have been equivocal. Before any commercial developments and a third pipeline can be seriously considered, substantial extra reserves of oil or gas would have to be located.

The main excitement so far has centred around block 206/8 and exploration work carried out there by British Petroleum. The first well BP drilled on this block in 1977 raised hopes of a major find. It flowed oil at 2,920 barrels a day during two tests.

The productivity was hardly startling—far lower than that of many of the finds in the North Sea—and the oil that was discovered (of 25 degree API quality) was much heavier than the crude yielded by the fields to the east of the Shetland Islands. BP said at the time that the commercial significance of the find could be determined only by further exploration.

By the summer of last year, however, extravagant hopes and rumours had begun to surface as the second well was drilled. At one point in July BP shares moved up 70p in just a few days, adding £280m to the group's market value, on the strength of suggestions that BP and its partners, Imperial Chemical Industries and Chevron, had made a major new oil find.

The euphoria was finally deflated, however, when BP announced that the well had failed to find oil in commercial quantities. The well, 206/8-2, confirmed the existence of a broad deposit of hydrocarbons in the area, but it raised doubts about whether oil and gas would ever be discovered in commercial quantities. Some gas was tested from a small accumulation at the top of the reservoir and non-commercial quantities of oil were produced from four deeper test intervals. The oil was rather heavy, of 22 to 25 degrees API quality.

The appraisal programme has continued since the summer, however. The rig Sea Conquest, was moved immediately to a new location, nearly two miles to the north-east of the discovery well, to drill the third well. The result of this one was announced at the end of last year. Again the group encountered oil, but in tests the well flowed only 530 barrels a day, hardly enough to generate immediate enthusiasm.

The oil was similar to the heavy crude found in the discovery well. Two levels were tested, but the upper one was unproductive. The rig was moved south to the boundary between blocks 206/8 and 206/13, where a fourth well is now being drilled. The costs of this latest part of the programme are being shared with Esso, the licensee on block 206/13.

It was Esso that began the exploration programme to the west of the Shetlands in 1972 when it drilled a wildcat well on block 206/12, 40 miles from Shetland with the drillship Glomar Grand Isle. That well was plugged and abandoned after 29 days. The allocation of exploratory territory to the west of the Shetlands began in the third and fourth licensing rounds of 1970 and 1971-72, but it has been a slow process as companies concentrated on the more attractive prospects available in the North Sea.

A total of 64 blocks were licensed in the third and fourth rounds and more exploration acreage has been allocated since under exclusive licences to the British National Oil Corporation.

The geology of the area to the west of the Shetlands presents the oil exploration teams with a very different set of questions to those posed in the Viking Graben, the prolific oil-bearing zone to the east of the islands. The prospective sedimentary areas to the west lie in the West Shetland basin, a relatively narrow basin running parallel to the Shetlands from the south-west to the north-east.

Much of the oil-bearing rock to the east of the Shetlands was discovered in the Jurassic zone, but this strata is much less in evidence to the west of the Shetlands. Clearly the west has not yet been explored as closely as the North Sea, but the work that has been done has concentrated on older rock strata.

The best prospects appear to be offered in the Paleocene, Devonian and Carboniferous rocks, and certainly it is the Devonian that has given most encouragement to date. But the reservoirs that have been found so far to the west of the Shetlands have very poor productivity. The rock is not very porous and permeable, which means that in tests so far the exploration teams have had trouble in getting the oil to flow. There is still hope for areas which are very fractured, which have the effect of breaking up the denser rock formations; but apart from BP's discovery well on 206/8, there are hardly any wells that have yet shown an acceptable rate of productivity.

Exploration in this area is also complicated, because the seismic charts are subject to greater distortions in mapping the older reservoir rocks.

The common belief in the oil industry is that there will have to be considerably more encouragement from more productive wells before there is a prospect of commercial development. There could be considerable quantities of oil in place—talk in the industry has mentioned as much as 10bn barrels in the general area of 206/8—but this does not mean that it can yet be extracted commercially.

Oil has been found in Devonian rock strata in the North Sea and some of the finds, such as BP's Buchan Field, are being developed commercially. But to the west of the Shetlands the oil is heavier, the wells tend to be less productive where oil has been found, and the rock strata appear to fluctuate wildly and irregularly. This last point threatens to be a greater problem than the lack of depth in some of the oil-bearing zones.

Generally, the oil that has been found has been discovered at depths between 6,000 and 8,000 feet below sea-level. This is rather shallower than the east of Shetland fields which are often 9,000 to 12,000 feet down.

The shallower the finds the more it reduces the possibility, when a field is developed, of drilling deviated wells which can spread out from a central platform and drain a much wider area. The west of Shetland finds to date should not present too many problems in this respect—the Forties Field after all was discovered at depths between 6,000 and 8,000 feet, but the wells had far more spectacular productivity.

In total more than 25 wells have been drilled to the west of the Shetlands, but the success rate has fallen far below that established for the North Sea. The real interest was aroused only following work carried out in 1977 by BP, Esso and Elf.

A well drilled by Elf in the neighbouring block to BP's, 206/7, produced oil at an aggregate flow of 1,700 barrels a day and gas at 3.9m cubic feet a day. Elf said the commercial significance of the find could be assessed only after further exploration. There is some evidence to suggest that the BP and Elf wells were sunk on the same oil-bearing structure. Esso plugged and abandoned a well in October 1977 on 206/12 after testing a non-commercial flow of 630 barrels a day, and Mobil has drilled two wells on 206/9 closer to the Shetlands, but has yet to release any detailed results.

As exploration is pushed on to the west the oil companies are encountering even worse weather conditions and deeper water than in the northern North Sea. The water depths range considerably from under 300 feet to the north-west of the Orkney Islands to more than 1,500 feet in some of the most westerly blocks licensed.

Conditions

Wind speeds and wave heights equal or exceed those in the northern North Sea, but the Scottish western Shelf is also exposed to the Atlantic swell. The tracks of the worst storms pass about 250 miles to the north-west of the drilling area between Iceland and the Faeroes, but they generate high waves which reach the exploration area as a swell. When BP began its third well on 206/8 it had to give up the first attempt and start again because the wellhead was damaged in a storm of hurricane force.

In the area of the Scottish western Shelf, gale-force winds of 40 mph (Force Eight) and greater are likely to occur on about one day in four during winter months. In extreme cases 80 mph winds can be maintained for up to an hour with gusts of up to 120 mph. Extreme wave heights could be as high as 95 feet and waves of 10 to 15 feet are normal during the winter.

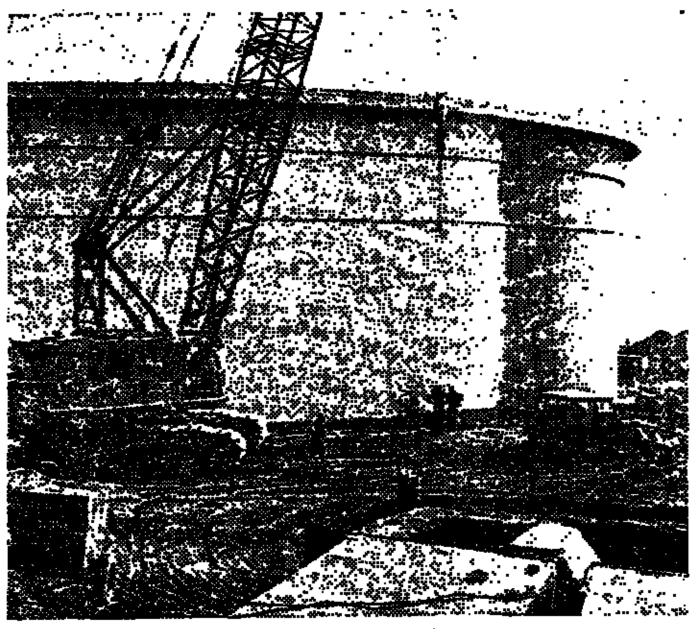
Applications under the sixth UK offshore licensing round are now being considered by the Department of Energy, and when licences for the first blocks are awarded in March or April they will further extend the exploration frontier in the stormy area to the north-west of the Shetlands. A total of 13 blocks are on offer in the area and all have attracted at least one application.

Some of the major oil companies have made only limited applications under the stricter sixth round licensing conditions. Shell and Conoco, for instance, which are already important operators in the North Sea, decided to go for blocks in only one area. They have both opted to seek acreage to the north-west of the Shetlands. Conoco is in a group of which Elf is the operator.

Some of the sixth round blocks are in water depths of more than 1,000 feet, but these are now well within the capability of the oil industry's drilling technology. It could be an entirely different situation, however, if oil is found there in commercial quantities. The deepest water depths in which a field has been developed in the North Sea hardly go beyond 600 feet and oil found at depths of 1,000 feet or more would certainly have to be present in substantial quantities to make it a commercial proposition and would call for new technology to develop it.

Lord Kearton, chairman of the British National Oil Corporation, said recently that there were several billion barrels of oil to be found to the west of the Shetlands. However, recovery of the oil posed great problems and the industry was not yet sure how it could be done.

Kevin Done
Energy Correspondent



Painting in progress on a crude tank at Sullom Voe terminal

Gas processing plant delayed

DESPITE all the construction difficulties and delays, work at Sullom Voe was sufficiently advanced by late last year for it to be ready in time to accept the first crude the oil companies could produce by pipeline from the fields to the east of the Shetland Islands.

It was not so much problems at Sullom Voe that held up the first oil production to the new terminal as mounting delays offshore.

But as more fields come on stream and production offshore builds up, Sullom Voe will increasingly become a major bottleneck because of its inability to take unstabilised crude oil.

When the terminal is operating fully, one of its most important functions will be to take out the various gas fractions mixed in the crude in order to make the oil safe to load into tankers for shipment. The gases will then be broken down into the different fractions, some for use as fuel in the terminal's power station and the remainder to be liquefied and stored before being shipped out from Sullom Voe aboard special gas carriers.

The gas processing units are a vital part of the terminal's operations. Without this facility, the crude oil has to be stabilised offshore at the production platforms. Some of the gas produced in association with the crude oil is used for power generation on the platforms, but for the moment most of it must either be re-injected into the reservoir or else flared off wastefully into the atmosphere.

The reason why the gas processing facilities have fallen so behind schedule can be traced back to the wrangling and disagreements that went on between the oil companies and Shetland Islands Council in 1975 and 1976. The council was determined to try to limit the impact the oil terminal was bound to have on the surrounding environment at Sullom Voe and decided to press for the crude oil to be stored underground in man-made caverns instead of in tanks above ground.

Alternatives

At the same time, the Council indicated that the gas processing units should be built as one integrated plant to be used by all the oil companies at Sullom Voe, rather than built as two separate plants to serve the Brent and Ninian pipeline systems independently, as the companies wished.

By the time the arguments were resolved a compromise had been worked out under which the oil industry was allowed above ground tank storage—a much cheaper alternative than underground caverns—in return for going back to designing a single gas processing system. As a result of making such radical design changes more than a year's construction time was lost.

As now planned, the terminal will have a capacity for handling 1.4m tonnes of crude oil by the end of 1981. This scheme alone is destined to cost more than £1bn — a far cry from Shell's original planning application for a £20m tank terminal to handle crude from the Brent Field.

Already, however, there is talk of expanding the terminal to a capacity of 2m barrels a day, which would be the upper limit of the capacity of the two existing pipeline systems. Any further expansion will necessitate additional extensions of the gas-processing units.

When the crude oil first comes ashore it is a mixture of hydrocarbon liquids, dissolved gases and some water, so the first process operation involves the separation of the water, which is disposed of through an effluent treatment system.

As presently planned, there are to be five stabilisation units — three for the Brent pipeline system and two for Ninian — which will each be capable of handling 330,000 barrels a day. The gases are separated out from the oil by a process of heating and de-pressurising. They are then compressed, dried and broken down into their individual fractions to yield a methane/ethane mixture, which will be used to fuel the Sullom Voe power station, propane and butane and some heavier hydrocarbon compounds.

Two refrigeration and fractionation units are now under construction, each capable of handling gas equivalent to 700,000 barrels a day of Brent crude or 500,000 barrels a day of Ninian crude.

Capacity

Two units for refrigerating the liquid petroleum gases, propane and butane, are being built as a common facility for the two pipeline systems. When fully operational they will have a capacity for handling 5,000 tons a day of liquid petroleum gases, but this could prove insufficient and a third unit is under discussion.

The refrigeration system is rather like that used in many domestic refrigerators. It is based on the fact that when propane is expanded after compression and condensation it is turned from liquid into a cold gas which can be used in an exchanger as a refrigerant. A total of five insulated storage tanks will be provided, three for propane and two for butane, each with a storage capacity of about 20,000 tonnes of liquefied gas.

Propane is stored at a temperature of minus 48 degrees Centigrade and butane at minus 9 degrees Centigrade, which has made it necessary for the bases of the tanks to be electrically heated to one degree Centigrade in order to stop the freezing temperatures of the gas from undermining the foundations. Without this measure the coldness from within the tanks would freeze the moisture in the earth and the resulting expansion could break up the foundations.

Originally the gases were to have been shipped out from the terminal across the Number 1 jetty, which has been built to handle both propane and butane and crude oil. A fifth jetty is now being planned, however, for the terminal and this would be dedicated solely to the loading of the liquefied petroleum gases.

The estimated cost of the terminal is £813m but the extra facilities now planned, such as the fifth gas-handling jetty and four additional crude oil storage tanks will push the cost up beyond £1bn. The gases will be shipped from Sullom Voe to many destinations in Europe and North America for a wide range of industrial and domestic uses. The marketing will be arranged by a company formed in 1977 by the British National Oil Corporation and British Petroleum. BNOC has a 60 per cent interest in the venture and BP 40 per cent.

The terminal is now about 58 per cent complete and although stabilised crude is being handled through the terminal the site is still dominated by the continuing construction work.

Constructors John Brown is the main contractor responsible for building the processing facilities and in order to try to ensure that it meets the new deadlines for the job it is employing many of the lessons learned from the equally arduous construction tasks of assembling units offshore on the oil and gas production platforms.

The processing facilities are being put together in pre-assembled units or modules at fabrication yards mainly on the UK mainland. Some specialised pieces of equipment are being manufactured in the U.S., West Germany, Holland and Italy, but more than 90 per cent of the equipment orders for the terminal have gone to British companies.

This strategy means that the modules, often weighing as much as 350 tons each, can be shipped directly to the terminal where they are put together in the manner of a giant Meccano set. The pipe racks are arriving in 40 pre-assembled units, about 12 are already on the site, and these are to be joined by some 29 other pre-assembled modules, of which at least three are now in place. This form of construction has been chosen because of the isolated nature of the Sullom Voe site and the extreme climatic difficulties of constructing such a complex plant on a site that shares the same latitude as Leningrad and the southern tip of Greenland. So far the programme is progressing well although some equipment suppliers are falling behind schedule and could further delay operations.

BP, as the operator for the terminal, is holding optimistically to its estimate of being ready to start accepting some unstabilised crude from the Ninian and Heather Fields in September with the liquid petroleum gas separation facilities coming into use from the second half of 1980.

Flaring

In the meantime, however, gas and natural gas liquids worth many millions of pounds will have to be flared from a number of the East Shetland fields, particularly Heather, Ninian and Cormorant. The Government has been trying to take a strong line with the oil companies over unnecessary flaring and at one stage it insisted that oil and associated gas production from Shell/Esso's Brent B platform should be shut down for several months until gas reinjection equipment had been installed.

The UK is still far from being self-sufficient in crude oil production, however, and especially at a time when serious problems are facing world oil supplies, the Government will find it difficult to insist on any more production cut-backs. Wood Mackenzie, the stockbroker, estimated last year that if flaring was not allowed from the Heather, Ninian and Cormorant fields oil production worth at least £450m would be lost to the balance of payments in 1979, with a similar loss in the first half of 1980.

By contrast, the value of the natural gas and natural gas liquids that would have to be flared would be in the region of £30m in the first half of 1980.

Reluctant though the Government is to see any but the most necessary gas flaring, it is likely that it will accept the loss of gas until the middle of next year, while hoping against hope that the terminal is not subject to any more major delays that will put the completion date back yet again.

Kevin Done

Markets register widespread weakness with MLR rise

Long tap re-activation fails to check sharp fall in Gilts

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Jan. 29	Feb. 8	Feb. 9	Feb. 20
Feb. 12	Feb. 22	Feb. 23	Mar. 6
Feb. 26	Mar. 8	Mar. 9	Mar. 20

* "New time" dealings may take place from 9.30 am two business days earlier.

The stock market reaction to yesterday's rise of 1½ per cent to 14 per cent in Minimum Lending Rate was one of widespread weakness. Gilt-edged securities were especially affected and sustained further falls which ranged to two points in the short tap stock, but the bulk of yesterday's losses in equities occurred ahead of the 12.30 pm MLR announcement.

The much troubled Gilt-edged sector was easier again from the start and remained lower all morning despite a fairly good off-take. After-the-event bear-covering contributed to a fresh demand, but with the opinion predominating that the increase in MLR was not enough, the market slid further.

Re-activation of the long tap Treasury 12½ per cent 2003/05 by the Government broker at 88, some seven points below the last selling level, and his later withdrawal at that price failed to stabilise the market and closing falls extended to ¾; the tap itself ended 1⅛ down at 88⅛.

At the shorter end, losses were just as severe with the short tap Treasury 12 per cent 1983 A sustaining a particularly sharp reaction of two points to 93½; there is every likelihood of the stock being activated for the first time this morning. Elsewhere in the sector, falls ranged to ½ and the FT Government Securities index closed 0.48 down at a two-year low of 64.64.

A wave of selling hit the industrial sections between 11 am and noon as nervousness heightened ahead of the decision on MLR; the FT 30-share index reflected this with a noon fall of 7.0, after being only 2.8 off an hour earlier. Subsequently, equities looked to the Funds with some apprehension, but later staged a rallying movement in the absence of any fresh selling pressure.

The rally continued into late office dealings and reduced losses among constituents of the index to about 4p apart from Beecham, which fell 10 to 592p. Mirroring the late recovery, the index, after having been 8.1 lower at 2 pm, closed a net 6.3 down at a ten-month low of 448.9; this makes a loss of 19.6 in the last five business days and takes the index 86.6 off last September's 1978-79 peak of 535.5.

A busy day in the investment currency market saw the premium continue its decline. Yesterday, dollars were around from Wall Street and Hong Kong arbitrage sources and, with sterling's performance again a major influence, the premium drifted from an opening level of 91 per cent to 86¾ before closing a net 3¼ lower at 87¾ per cent; this took its fall on the week so far to 9½. Yesterday's SE conversion factor was 0.6857 (0.6766).

Another busy day in the Traded Option market saw 872 deals done compared with the previous day's 961. Interest was fairly evenly spread although Cons. Goldfields were popular, recording 144 contracts.

Caledonian Holdings attracted further attention and progressed to 96p, but the after-hours' announcement of the rejection of the 85½p per share offer from London and Midland Industrials sent the price to 100p for a gain of 7.

Banks dip and rally

Displaying early falls to 6, the major clearing banks picked up on the mid-day announcement of a 1½ per cent hike in Minimum Lending Rate to close with only modest losses ahead of the expected increases in their base lending rates. A combination of domestic and investment currency influences prompted dullness in overseas issues notably Standard Chartered which reliquished 20 to 430p, after 428p, while Hong Kong and Shanghai gave up 11 to 274p. Dearer money fears continued to unsettle Hire Purchases although adverse comment on the first-half figures highlighting the adverse effect higher interest rates are having on the group's profitability additionally aggravated UDT, 2 down at 41p, after 39p. Compagnie Bancaire shed 4½ points to £73 and George Sturla softened a penny to 12p.

Against the dull trend in Insurances, Christopher Moran at 39p, retrieved 2 of the recent sharp fall.

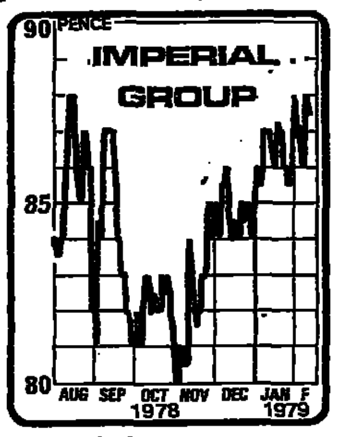
The presence of a few "cheap" buyers restricted Brewery leaders to falls of around a penny in generally dull conditions. Guinness weakened to 155p following higher tax proposals in the Irish Budget, but firmed slightly on the chairman's statement at the AGM to close 2 off at 157p. Distillery issues showed losses to 4, but Amalgamated Distilled Products rose 2 to 35p following the interim statement.

Buildings displayed widespread falls on persistent selling and a virtual absence of buyers. Costain issues came under pressure, the ordinary and deferred both falling 8 to 148p and 106p respectively. Against the trend, however, French Kier held a Press-assisted gain of 1½ at 32½p. In Cements, Hoveringham lost 5 to 80p. Elsewhere, Blockleys came on offer and, in a thin market, shed 9 to 62p, while Bett Brothers and May and Hassell cheapened 4 apiece to 53p and 71p respectively.

ICI drifted down from the outset to close 5 off at 346p. Fisons fell away to 290p before rallying to 294p, also down 5, while the marginal increase in interim profits left William Ransom a like amount off at 300p, after 295p.

MFI erratic

The appearance of a few cheap buyers towards the close enabled leading Stores to close a penny or so above the day's lowest in places. Elsewhere, MFI Furniture touched a 1978-79 peak of 214p in response to investment support ahead of next Tuesday's interim results but then fell away to finish unchanged at 206p.



Already firm at 84p, Pye Holdings advanced further in the late dealings to close 10½ higher at 90½p following the announcement, which own
ment that Philips Electronic, which owns 60.7 per cent of the company, and Associated Industries may make moves to reconstruct Pye which might involve the distribution of cash to minority shareholders.

Fairly numerous losses occurred throughout the Engineering sector. Final quotations in the leaders were a shade above the worst in some cases, GKN ending 4 cheaper at 229p, after 228p. Against the trend, John Brown closed a few pence dearer at 386p with the aid of Press mention. Elsewhere, lack of any further bid developments prompted fresh selling of Averys, 9 lower at 201p, after 200p. Trading statements failed to benefit Hill and Smith, 65p, and ML Holdings, 150p, down 3 and 5 respectively. The forecast of lower profits made at the annual meeting prompted a reaction of 5 to 62p in Serck. Among occasional bright spots, A. Cohen advanced 25 to 205p in an extremly thin market following Press mention, while Hawthorn Leslie hardened 2 to 71p awaiting today's interim results.

Foods gave modest ground on sporadic selling and lack of support. Hillards, after initial progress to 225p on the news of Prudential's 5.14 per cent stake, fell away to colse at 219p, down 3. In a limited market, Pyke dropped 10 to 55p.

Misc. Inds. dull

Yesterday's MLR decision failed to arrest the current slide of the Miscellaneous Industrial leaders, although closing levels were a few pence above the day's lowest in places. Beecham ended 10 off at 592p, after 590p, while Rank Organisation dipped 8 to 228p, Metal Box 6 to 300p, while Bowater, 174p, and Reckitt and Colman, 445p, declined 5 apiece. Secondary issues also lost ground with Stormgard, at 12p, losing 6 of the recent speculative rise scored in a thin market. De La Rue came on offer at 327p, down 17. Far eastern and investment currency influences brought about a fall of 7 to 64p in Hutchison Whampoon and a loss of 10 to 190p in Johnson Matthey. By way of contrast, Toye attracted buyers and firmed 4½ to 87p.

Motor and kindred issues drifted lower in the absence of any significant investment interest. Second thoughts over the interim statement left Dowty 8 cheaper at 256p, while Dunlop shed 2 to a 1978-79 low of 60p. News that Rolls-Royce is putting its diesel engine factory at Shrewsbury on short-time working, coupled with further concern over the Iranian situation clipped 3 from the shares at 89p.

Associated Newspapers, on the group's interests in the Bruce and Crawford fields of the North Sea, rose 6 to 188p in belated response to the proposed oil price increases. Similarly, International Thomson improved afresh, adding 6 for a three-day rise of 31 to 321p.

English Property Corporation, which is currently contesting Dutch group Wereldhave's 46p per share cash bid, hardened ½ to 48p on Press suggestions that Canadian property concern Edper Investments may launch a counter bid. Other Properties eased on expectations of higher interest rates and losses were usually extended after the MLR announcement. Land Securities finished 4 down at 250p and MEPC 3 off at 154p. Town and City ended a penny down at 14½p following the reduced half-year loss. Laing A encountered sellers and fell 7 to 116p, but Chesterfield provided a firm spot at 380p, up 10. Dealings in Intereuropean were suspended at 57p pending the outcome of talks with another party which may lead to an offer.

Oil leaders active

A brisk two-way trade developed in the Oil leaders. Stimulated by the propoced increase of 3p per gallon in petrol prices, Shell pushed ahead to close at the day's best of 614p, up 12. British Petroleum, however, were a rather volatile market, rising to 956p and reacting to 944p before settling at 954p for a rise of 8 on balance. On the other hand, Royal Dutch remained a dull market at £45¼, down ¾, in sympathy with the dollar premium. Among the more speculative North Sea issues, Lasmo OPS rose 10 to 435p and Tricentrol firmed 6 to 186p. Ultramar ended 5 dearer at 243p; the company announced yesterday that it had reached agreement in principle for the purchase of Ashland Oil (GB), which has a working interest of 5.4 per cent in the Thistle unit.

Overseas trader William Jacks, subject of a tentative bid approach to it's Malaysian parent company, met profit-taking and, at 35p, lost half of Wednesday's gain of 12.

Woollen textile manufacturers Wormalds Walker rose 9 to 20p, after 22p following demand in a thin market.

Imps became active after the better-than-expected annual results and rose to equal the year's peak of 89p before easing to end a fraction easier on balance at 87½p.

Firm on Wednesday following the publication of the company's defence to the Sime Darby offer, Guthrie fell 10 to close at 428p as small profit-taking ensued in a quiet business; Sime eased 4 to 105p.

Golds easier again

The further fall in the investment currency premium again took its toll as overseas registered mining issues lost ground across a broad front. South African Golds fell away for the second day running reflecting the volatility of the bullion price, which was finally unchanged on balance at $250.50 per ounce, after being $254 at the morning fixing.

Trading was active throughout the day with prices generally closing at the day's lowest levels in line with the bullion price. The Gold Mines index lost 4.0 more to 178.4, while the ex-premium index gave up 1.1 to 122.4.

With one or two exceptions South African Financials moved similarly to Golds. Hopes that the freeze on Iranian oil exports to South Africa will encourage increased coal consumption lifted "Amcoal" 20 to a high of 780p and Transvaal Consolidated Land a point to a high of £15½.

On the other hand profit-taking caused a 23 fall in Middle Wits, 245p, and Union Corporation, 11 easier at 344p. De Beers lost 6 to 452p.

London-registered Financials were all lower in line with UK equities. Rio Tinto-Zinc dropped 5 to 275p, and Charter gave up 3 to 149p.

Gold shares were the only firm section of Australians which generally reflected the drop in the investment premium. Poseidon, which announced a six-months profit, rose 6 to 54p, while Gold Mines of Kalgoorlie advanced 7 to 89p and North Kalgurli 3 more to a 1978-9 high of 20p.

Base-metal producers, however, succumbed to profit-taking. Bougainville fell 6 to 165p and MIM Holdings lost a like amount at 266p.

FINANCIAL TIMES STOCK INDICES

—	Feb. 8	Feb. 7	Feb. 6	Feb. 5	Feb. 2	Feb. 1	A year ago
Government Secs.	64.64	65.12	65.34	65.57	65.80	66.04	75.34
Fixed Interest	65.97	66.67	66.84	66.91	67.21	67.74	77.96
Industrial	448.9	455.2	454.8	460.7	467.3	468.5	473.3
Gold Mines	178.6	182.6	183.8	181.4	171.9	166.8	143.4
Gold Mines(Ex-$ pm)	122.5	123.5	123.2	121.6	115.0	112.2	106.3
Ord. Div. Yield	6.34	6.27	6.26	6.21	6.14	6.14	5.67
Earnings, Y'ld % (full)	16.59	16.42	16.39	16.24	16.07	16.06	17.28
P/E Ratio (net) (*)	7.82	7.90	7.91	7.98	8.07	8.08	8.17
Dealings marked	6,300	6,065	5,868	6,066	4,835	4,083	5,928
Equity turnover £m.	—	77.93	94.78	67.06	84.77	88.21	95.76
Equity bargains total	—	13,167	16,422	14,669	12,675	13,164	15,844

10 am 453.7. 11 am 452.4. Noon 448.2. 1 pm 447.6. 2 pm 447.1. 3 pm 447.3.
Latest Index 01-246 8026.
* Nil=7.60.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex $ premium index started June 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978/9 High	1978/9 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	78.58 (5/1/78)	64.64 (8/2/79)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1/78)	65.97 (8/2/79)	150.4 (28/11/47)	50.35 (6/1/75)
Ind. Ord.	535.5 (14/9/78)	433.4 (2/3/78)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8/78)	124.1 (29/11/76)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	152.3 (14/8/78)	90.3 (18/4/78)	337.1 (3/4/74)	54.3 (26/6/76)

S.E. ACTIVITY

	Feb. 8	Feb. 7
—Daily		
Gilt Edged	166.5	168.1
Industrials	174.2	165.2
Speculative	67.0	60.3
Totals	180.6	116.1
5-d'y Av'r'ge		
Gilt Edged	184.6	146.9
Industrials	173.1	166.1
Speculative	69.4	67.0
Totals	117.6	112.1

NEW HIGHS AND LOWS FOR 1978/9

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978-79.

NEW HIGHS (24)

STORES (2)
Bakers Stores — MFI Furniture
ENGINEERING (2)
Bullough — Cohen (A.)
INDUSTRIALS (2)
Barlow Rand — Cape Industries
NEWSPAPERS (2)
Intl. Thomson — Intl. Thomson Conv.
PROPERTY (4)
Amal. Estates — Chesterfield
English Prop. 6½pc Conv. — Imry Prop.
SOUTH AFRICANS (1)
Greatermans A
TRUSTS (1)
Kitchen Taylor
OILS (3)
CCP North Sea — Shell Transport
Candecca
MINES (7)
Durban Deep — North Kalgurli
Anglo-Amer. Coal — Western Mining
Transvaal Cons. — Hongkong Tin
Gold Mines Kalgurli

NEW LOWS ((159)

BRITISH FUNDS (68)
CORPORATION LOANS (12)
COM'WEALTH & AFRICAN LOANS (1)
LOANS (8)
FOREIGN BONDS (2)
BANKS (1)
BEERS (1)
BUILDINGS (10)
CHEMICALS (2)
DRAPERY & STORES (4)
ELECTRICALS (6)
ENGINEERING (15)
FOODS (4)
INDUSTRIALS (10)
INSURANCE (2)
LEISURE (1)
MOTORS (2)
NEWSPAPERS (2)
PAPER & PRINTING (1)
TEXTILES (3)
TRUSTS (2)

YESTERDAY RISES AND FALLS

	Up	Down	Same
British Funds	4	74	2
Corpns. Dom. and Foreign Bonds	4	36	25
Industrials	85	821	618
Financial and Prop.	21	281	207
Oils	11	8	18
Plantation	2	11	19
Mines	17	89	35
Recent Issues	5	10	12
Totals	149	1,328	934

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978-79 high	1978-79 low
Shell Transport	25p	19	614	+12	614	484
BP	£1	18	954	+ 8	956	720
Guthrie Corp.	£1	10	428	−10	450	211
ICI	£1	10	346	− 5	421	328
Tate & Lyle	£1	10	140	− 3	218	138
Beecham	25p	9	592	−10	726	581
GEC	25p	9	313	− 4	349	233
P. & O. Defd.	£1	9	79	− 1½	118	76½
Glaxo	50p	8	462	− 3	648	458
Grand Met.	50p	8	115	− 1	121	87
Int. Thmsn. Conv.	25p	8	250	+ 6	250	203
Land Secs.	50p	8	250	− 4	260	190
RTZ	25p	8	275	− 5	284	164
Boots	25p	7	184	− 3	257	184
Imperial Grp.	25p	7	87½	− ½	89	71½

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb. 6	Feb. 19	May 3	May 15
Feb. 20	Mar. 5	May 17	May 30
Mar. 6	Mar. 19	May 31	Jne. 12

For rate indications see end of Share Information Service

Call options to be reported included Otter Exploration, Town and City, Burmah, Ultramar, Audiotronic, FNFC, Henry Boot, Dunbee-Combex, Caledonian Holdings, Cooper Inds., Bridgend Bolton Textile, Elandsrand, Christopher Moran, Tricentrol, Associated Fisheries, Burton "A", International Thomson, Britannia Arrow, E.C. Cases, BP, Siebens (UK), Spillers, United Biscuits, UDT, and Woodhouse and Rixson. Puts included BP, ICI and Courtaulds, while doubles to be arranged took in Caledonian Holdings, Cons. Gold, Elandsrand, BP and Lonrho.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	900	73	10	90	—	113	—	947p
BP	1000	11	55	33	21	—	—	"
Com. Union	140	8	3	10	10	14	—	141p
Cons Gold	180	32	25	35	10	41	10	205p
Cons Gold	200	15	63	22	3	27	1	"
Cons Gold	220	51	26	12	6	17	—	"
Courtaulds	100	9½	—	11½	2	14	—	105p
Courtaulds	110	4½	23	5½	—	9	—	"
Courtaulds	130	½	25	1½	—	—	—	"
GEC	280	42	20	—	—	—	—	313p
GEC	300	26	2	40	—	49	—	"
GEC	330	9	52	23	11	31	—	"
GEC	360	2½	4	11½	—	—	—	"
Grand Met.	100	17	20	19½	15	22½	5	115p
Grand Met.	110	7½	8	11½	—	14	—	"
Grand Met.	120	3	—	6	5	8½	—	"
ICI	330	21	9	36	—	44	—	346p
ICI	360	7½	50	18½	—	26	—	"
ICI	390	2½	20	8	—	14	—	"
Land Secs	240	19	18	26	—	33	—	250p
Marks & Sp	70	15	5	17	—	—	—	82p
Marks & Sp	90	2½	10	5	—	7	—	"
Shell	500	120	1	—	—	—	—	610p
Shell	550	70	14	85	—	95	—	"
Shell	600	27	28	46	30	58	—	"
Shell	650	6	35	23	10	30	—	"
Totals			524		123		16	
		February		May		August		
Boots	200	½	—	6½	2	9	—	184p
Boots	130	1½	—	7½	25	11	25	126p
EMI	140	¼	—	4½	2	7½	—	"
EMI	160	¼	—	1½	35	2½	6	"
EMI	80	8½	37	9	10	11	17	88p
Imperial Gp	90	1	26	3	—	5½	—	"
RTZ	260	18	14	32	—	37	—	276p
RTZ	280	5	—	20	10	26	—	"
Totals			77		84		48	

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
65	F.P.	—	100	68	Caledonian Hldgs.	100	+7	[illegible]	[illegible]	[illegible]	8.2
155	F.P.	10/1	187	170	Harris Queensway 20p	172	−1	[illegible]	[illegible]	[illegible]	7.2
[illegible]	F.P.	16/2	132	118	Hunting Assoc. Defd.	122	—	—	—	—	—
[illegible]	F.P.	—	104	89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.5
[illegible]	F.P.	9/2	37	31	M.Y. Dart Defd.	33	—	—	—	—	—
110	F.P.	17/1	136	115	[illegible]	126	−2	[illegible]	[illegible]	[illegible]	12.1

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price	+ or −
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Assoc. Dairies 9¼% Pref.	[illegible]	......
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Chepstow Race's 6% Cnv. Uns. Ln. 1988	[illegible]	......
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Colne Valley Water 8% Red Prf 1983	[illegible]	−1
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Findlay 8% Cnv. Cum. Red. Prf.	[illegible]	......
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Hawley-Leisure 10% Cnv. Uns. Ln. '89-'99	[illegible]	−2
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	HIAS Cargo Airlines 8% Cnv. Pref. £1	[illegible]	−½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Mid Kent Water 8% Pref. 1984	[illegible]	......
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Rivington Reed 9¼% Cnv. Cum. Red. Pref.	[illegible]	......
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Shaw Carpets 10% 2nd Cum. Pref. £1	[illegible]	......

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1978/9 High	1978/9 Low	Stock	Closing Price p	+ or −
60	F.P.	19/1	78	67	Associated Biscuit	70	[illegible]
155	F.P.	[illegible]	170	154	Baker Perkins	156	+4
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Bank of Nova Scotia	[illegible]	[illegible]
220	Nil	[illegible]	[illegible]	[illegible]	Haslemere Estates	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Montfort	[illegible]	[illegible]
105	F.P.	[illegible]	120	124	Nail & Spencer	[illegible]	[illegible]
8	Nil	[illegible]	[illegible]	[illegible]	Poseidon	[illegible]	[illegible]
[illegible]	F.P.	23/1	[illegible]	[illegible]	Suter Electrical Defd.	[illegible]	[illegible]
10	Nil	[illegible]	[illegible]	[illegible]	Swan Ryan Intl.	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. r Dividend and yield based on prospectus or other official estimates for 1979. g Gross. † Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. |||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur., Feb. 8, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Wed., Feb. 7 Index No.	Tue., Feb. 6 Index No.	Mon., Feb. 5 Index No.	Fri., Feb. 2 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	221.54	−1.6	18.26	6.01	7.49	225.05	226.30	229.54	232.60	205.25
2	Building Materials (28)	197.13	−1.1	19.47	6.66	7.07	199.41	201.36	204.32	206.85	183.09
3	Contracting, Construction (28)	331.84	−2.2	23.29	6.21	6.17	339.39	341.98	346.82	349.73	326.16
4	Electricals (15)	522.37	−1.4	14.74	3.64	9.29	530.02	530.58	539.55	545.04	442.97
5	Engineering Contractors (12)	342.26	−1.6	19.63	6.61	6.89	347.84	351.81	354.11	360.49	292.82
6	Mechanical Engineering (73)	171.47	−1.7	19.38	6.48	6.88	174.49	175.55	178.15	181.09	161.53
8	Metals and Metal Forming (16)	154.57	−1.5	18.01	9.30	7.72	156.89	157.78	159.34	161.34	164.79
	CONSUMER GOODS										
11	(DURABLE) (53)	196.23	−1.3	17.97	5.52	7.43	198.77	200.64	202.69	206.98	188.03
12	Lt. Electronics, Radio, TV (16)	253.08	−1.1	14.97	4.13	9.37	255.91	257.31	259.91	266.01	227.71
13	Household Goods (12)	159.03	−1.3	19.01	7.31	7.24	161.13	163.00	164.65	166.88	171.38
14	Motors and Distributors (25)	108.94	−1.6	23.49	7.77	5.35	110.70	112.40	113.69	115.94	114.99
	CONSUMER GOODS										
21	(NON-DURABLE) (170)	204.70	−1.2	17.04	6.31	7.75	207.28	207.15	209.26	212.02	194.43
22	Breweries (14)	222.69	−0.9	17.15	6.75	7.40	224.61	225.02	226.95	230.04	216.77
23	Wines and Spirits (6)	286.36	−1.7	16.22	5.21	9.05	291.17	292.20	293.52	298.58	247.86
24	Entertainment, Catering (17)	267.65	−1.1	16.36	7.07	8.09	270.60	270.71	274.33	279.24	253.24
25	Food Manufacturing (19)	194.29	−1.3	19.34	5.72	6.89	196.84	196.85	197.77	199.24	190.13
26	Food Retailing (15)	224.03	−1.6	14.41	5.25	9.44	227.62	228.95	231.09	233.87	198.77
32	Newspapers, Publishing (12)	376.33	+0.1	21.79	6.50	6.51	376.00	377.38	379.26	381.34	327.62
33	Packaging and Paper (15)	130.50	−2.2	19.33	8.07	6.77	133.41	134.07	135.81	137.36	122.77
34	Stores (40)	186.85	−1.3	13.02	5.10	11.02	189.31	188.22	190.91	194.05	180.06
35	Textiles (23)	170.72	−1.3	18.89	8.79	6.86	173.00	174.36	175.97	178.90	173.78
36	Tobaccos (3)	248.19	−0.8	22.96	7.96	5.10	250.27	249.02	250.97	253.05	233.24
37	Toys and Games (6)	89.84	−0.7	24.69	7.23	4.77	90.48	91.64	93.44	93.90	99.39
41	OTHER GROUPS (99)	188.45	−1.4	16.42	6.63	7.83	191.11	191.64	193.89	195.62	188.65
42	Chemicals (18)	268.63	−1.3	16.59	7.05	7.85	272.29	272.33	274.30	276.03	256.48
43	Pharmaceutical Products (7)	230.68	−1.2	12.05	5.04	10.06	233.59	235.35	237.98	239.88	249.62
44	Office Equipment (6)	120.84	−2.8	18.02	6.67	6.76	124.38	125.37	127.21	129.34	138.07
45	Shipping (10)	407.67	−1.3	14.84	7.46	8.55	413.15	412.67	415.91	420.39	459.22
46	Miscellaneous (58)	205.29	−1.3	18.91	7.00	6.99	207.95	208.38	211.87	214.02	197.33
49	INDUSTRIAL GROUP (494)	210.84	−1.4	17.27	6.25	7.68	213.75	214.28	216.77	219.56	201.86
51	Oils (6)	541.78	+1.4	12.89	3.72	8.43	534.45	535.57	526.81	522.20	448.09
59	500 SHARE INDEX	237.86	−0.9	16.53	5.82	7.80	240.05	240.64	242.26	244.57	222.53
61	FINANCIAL GROUP (115)	165.59	−1.1	—	5.88	—	167.51	167.97	170.30	172.73	169.65
62	Banks (6)	196.80	−0.5	23.94	5.99	6.26	197.86	198.19	201.13	206.01	183.06
63	Discount Houses (10)	205.28	+0.2	—	8.89	—	204.98	206.24	207.36	210.57	202.59
64	Hire Purchase (5)	157.79	−1.1	20.25	5.54	8.34	159.52	159.52	162.85	164.99	154.06
65	Insurance (Life) (10)	126.89	−1.6	—	7.41	—	129.01	129.47	131.98	132.76	139.35
66	Insurance (Composite) (7)	116.20	−1.3	—	7.55	—	117.70	117.97	119.89	122.28	127.59
67	Insurance Brokers (10)	296.77	−1.4	16.08	5.72	8.87	301.03	302.34	307.69	309.72	312.53
68	Merchant Banks (14)	75.80	−1.0	—	6.61	—	76.60	78.11	79.82	80.19	77.73
69	Property (43)	277.83	−1.1	3.81	2.91	42.08	281.00	280.99	283.43	284.24	239.35
70	Miscellaneous (10)	109.06	−3.2	20.52	7.23	6.05	112.66	113.54	114.56	115.62	106.35
71	Investment Trusts (111)	207.26	−1.0	—	5.15	—	209.29	211.50	213.12	213.80	185.08
81	Mining Finance (4)	119.50	−1.4	15.73	5.96	7.83	121.21	118.89	121.18	119.06	95.82
91	Overseas Traders (20)	318.83	−0.9	15.80	7.70	7.99	321.74	319.10	322.58	324.47	273.67
99	ALL-SHARE INDEX (750)	219.58	−1.0	—	5.84	—	221.72	222.22	224.09	226.17	205.42

FIXED INTEREST PRICE INDICES

	British Government	Thur., Feb. 8	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	100.18	−0.28	0.25	1.23
2	5-15 years	103.43	−0.45	—	[illegible]
3	Over 15 years	106.73	−0.73	—	1.55
4	Irredeemables	113.14	−0.83	—	0.00
5	All stocks	103.39	−0.53	0.25	[illegible]

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.

			Thur., Feb. 8	Wed., Feb. 7	Year ago (approx.)
1	Low Coupons	5 years	10.74	10.62	7.73
2		15 years	12.41	12.32	9.87
3		25 years	13.24	13.15	10.38
4	Medium Coupons	5 years	13.95	13.84	9.89
5		15 years	[illegible]	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]	[illegible]
7	High Coupons	5 years	[illegible]	[illegible]	[illegible]
8		15 years	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]

		Thur., Feb. 8 Index No.	Yield %	Wed. Feb. 7	Tues. Feb. 6	Mon. Feb. 5	Fri. Feb. 2	Thur. Feb. 1	Wed. Jan. 31	Tues. Jan. 30	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	52.52	14.10	52.71	52.66	52.75	52.89	53.06	53.84	54.09	61.30
16	Investment Trust Prefs. (15)	47.01	14.91	47.96	48.15	48.24	48.93	49.52	50.13	50.12	56.93
17	Coml. and Indl. Prefs. (20)	68.52	13.66	69.07	69.65	69.80	70.20	70.82	71.14	71.14	77.65

‡ Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

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Every Saturday the Financial Times publishes a table giving details of BUILDING SOCIETY RATES on offer to the public.
For further details please ring 01-248 8000, Extn. 266

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Gilt Int. Tst	97.1	102.2	+0.2	3.45
Abbey Capital	33.7	35.9	-0.3	4.59
Abbey Income	40.0	42.6	-0.3	6.58
Abbey Inv. Tst. Fd.	35.9	38.2	-0.2	4.85
Abbey Gen. Tst.	45.1	48.0	-0.3	4.66
Equitas Prog. Tst.	66.5	70.2	-0.9	4.79

Allied Hambro Group (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	67.3	72.0	-0.4	5.63
Brit. Inds. Fund	63.5	67.7	-0.5	5.67
Grth. & Inc.	36.1	38.6	-0.2	5.70
Elect. & Ind. Dev.	34.7	37.1	-0.2	4.85
Allied Capital	69.3	74.1	-0.5	4.89
Hambro Fund	106.3	113.7	-0.8	5.50
Hambro Acc. Fd.	122.0	130.5	-0.9	5.05
Income Funds				
High Yield Fd.	70.7	75.7	-0.1	8.57
High Income	66.2	70.8	-0.4	7.13
A. H. Eq. Inc.	38.2	40.9	-0.1	7.51
International Funds				
International	26.4	28.3	-0.2	2.40
Pacific Fund	45.5	48.7	-0.7	1.83
Secs. Of America	53.8	57.6	-1.1	2.00
Specialist Funds				
Smaller Co.'s Fd.	37.5	40.1	-0.1	4.74
2nd Smlr. Co's Fd.	49.0	53.4	-0.1	4.46
Recovery Sits.	96.6	103.4	-0.5	5.32
Met. Min. & C'dty.	44.1	47.2	-0.1	4.85
Overseas Earnings	57.8	61.8	-0.5	4.69
Exempt Funds				
Far East Exempt	47.6	49.6	-0.8	2.02
Smaller Co Exempt	61.8	65.1	.....	4.99
U.S.A. Exempt	95.8	99.8	-1.4	2.20

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	23.0	24.7	.....	3.24
Accum. Units	27.3	29.4	.....	3.24
J. Finlay Income	34.0	36.6	.....	8.88
J. Finlay Euro.Fin.	27.8	29.9	.....	3.14
Accum. Units	32.9	35.4	.....	3.14
J. Finlay Fd.In.Tst.	28.3	30.4	.....	4.93
Accum. Units	33.0	35.4	.....	4.93

Prices on Feb. 7. Next dealing Feb. 14.

Framlington Unit Mgt. Ltd. (a)
5-7 Ireland Yard, EC4B 5DH. 01-248 6971

American	49.0	52.0	.....	1.06
Capital Tst.	136.8	145.4	-2.0	3.92
Income Tst.	107.8	114.6	-2.2	7.71
Int. Growth Fd.	115.2	122.4	-5.4	2.15
Do. Accum.	119.6	137.2	+4.2	2.15

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	43.2	46.2	-0.3	4.72
Do. Accum.	57.1	61.0	-0.4	4.72

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital	100.9	103.0	.....	4.85
Gross Income	74.4	76.5	.....	9.41
High Yield	86.1	88.2	.....	8.97

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Inc.	87.9	93.5	.....	3.30
Do. Acc.	107.8	114.6	.....	3.30
G.T. Inc. Fd. Un.	163.0	173.4	.....	8.20
G.T. U.S. & Gen.	124.9	132.8	.....	3.10
G.T. Japan & Gen.	90.3	95.2	.....	1.70
G.T. Pens. Ex. Fd.	155.3	163.0	.....	3.90
G.T. Int'l. Fund	152.8	162.5	.....	2.00
G.T. Four Yds. Fd.	53.7	57.1	.....	7.60

Emson & Dudley Tst. Mngmnt. Ltd.
20, Arlington St., S.W.1. 01-499 7551

Emson Dudley Tst.	70.3	75.6	+2.2	7.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	66.0	69.4	-0.7	4.55

CORAL INDEX: 450-455

INSURANCE BASE RATES

†Property Growth 12%
†Vanbrugh Guaranteed 12.62%
†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37 rue Notre-Dame, Luxembourg
Alexander Fund ...... $US7.05 | .... | —
Net asset value January 31.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1, Charing Cross, St Helier, Jsy., C.I. 0534-73741
AHR Gilt Edg. Fd. ..... £10.04 10.04 -0.34 12.26

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 72177
Cap. Tst. (Jersey) ... 112 116 ... 4.31
Next dealing date February 20.
Gov't Secs. Tst. ... 90 92 ... 12.50
Next dealing date Feb. 12.
East & Intl. Tst. (C.I.) ... 98 105 ... 3.57
Next dealing date Feb. 8.

Australian Selection Fund NV
Market Opportunities, c/o Irish Young & Outhwaite, 127, Kent St., Sydney
US$1 Shares ...... $US1.48 | ... | —
Net asset value November 24.

Bank of America International S.A.
35 Boulevard Royal Luxembourg G.D.
Wldinvest Income ... $US111.61 112.17 ... 8.25
Prices at Feb. 1. Next sub. day Feb. 7.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels
Renta Fund LF ... 1,905 1,964 ... 8.03

Keyser Ullmann Ltd.
25, Milk Street, EC2V 8JE. 01-606 7070
Fonselex ...... Fr1,384 1,517 ... 2.30
Bondselex ...... Fr120.35 126.30 ... —
Cent. Assets Cap. ...... £140.95 141.01 ... —

King & Shaxson Mgrs.
1 Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Grnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856
Gilt Fund (Jersey) ... 8.89 8.90 ... 13.25
Gilt Trust (I.o.M.) ... 100.0 102.6 ... 13.25
Gilt Fnd. Guernsey ... 9.24 9.25 ... 13.25
Intl. Govt. Secs. Tst.
First Sterling ...... £17.99 18.06 ... —
First Intl. ...... $192.96 193.33 ... —

Kleinwort Benson Limited
20, Fenchurch St., EC3. 01-623 8000
Eurinvest Lux. F. ... 1,122 ... -3 3.12
Guernsey Inc. ... 65.2 69.1 ... 4.07
Do. Accum. ... 91.7 96.6 ... 4.07
KB Far East Fd. ... US$13.08 ... 1.53
KB Intl. Fund ... $US12.10 -0.27 1.90
KB Japan Fund ... US$37.54 ... 0.67
K.B. U.S. Gwth. Fd. ... $US12.64 ... 1.58
Signet Bermuda ... US$5.10 ... 1.96
K.B. Int. Bd. Fd. ... $US101.54 ... —

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561
Lloyds Tst. O'seas ... 58.9 62.0 ... 0.24

NOTES

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

1978-79 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
24	17	Antofagasta Rly...	22	......	—	—
41	33	Do. 5pc Pref......	40	......	—	—
98	98	Chilean Mixed......	98	......	—	13.10
22	6	Chinese 4½pc 1898	19½	......	—	—
35	4½	Do. 5pc 1912	31	......	—	—
20½	4½	Do. 5pc 1925 Boxer	18½	......	—	—
415	350	German Yng. 4½pc.	415	......	4½	—

BONDS & RAILS—Cont.

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 45% (based on US$2.0025 per £)
Conversion factor 0.6857 (0.6766)

CANADIANS

[illegible]

S.E. List Premium 45% (based on $2.3995 per £)

BANKS AND HIRE PURCHASE

[illegible]

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: Bracken House, 10, Cannon Street, London EC4P 4BY

Telex: Editorial 886341/2, 883897. Advertisements: 885033. Telegrams: Finantimo, London.

Telephone: 01-248 8000.

Frankfurt Office: Frankenallee 68-72, 6000 Frankfurt-am-Main 1.

Telex: Editorial 416052. Commercial 416193. Telephone: Editorial 7598 234. Commercial 7598 1

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O.F.S.

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AUSTRALIAN

1978-79 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
15	9	Acmex	13	......	—	—	23.0
171	64	Bougainville 50 Toea	165	−6	Q15c	1.4	5.8
139	63	BH South 50c	136	−3	—	—	—
820	150	Central Pacific	430	−20	—	—	—
336	148	Conzinc Riotinto 50c.	315	−3	‡Q10c	2.2	‡
32	19	Cultus Pacific N.L.	29	+2	—	—	—
27	$9\frac{1}{2}$	Endeavour 20c	$19\frac{1}{2}$	$+\frac{1}{2}$	—	—	—
91	45	G.M. Kalgoorlie $1.	89	+7	—	—	—
68	18	Haoma Gold N.L.	35	−1	—	—	—
158	81	Hamptn Areas 5p.	152#	......	♦3.55	2.0	3.5
40	10	Metals Ex. 50c	$35\frac{1}{2}$	......	—	—	—
275	125	M.I.M. Hldgs. 50c	266	−6	†Q9c	1.7	2.1
22	10	Minefields Expl.	15	......	—	—	—
74	10	Mount Lyell 25c	70	−3	—	—	—
$43\frac{3}{4}$	$11\frac{3}{4}$	Newmetal 20c	24	......	—	—	—
143	79	North B. Hill 50c	139	−1	Q9c	1.3	3.6
20	$8\frac{1}{2}$	Nth. Kalgurli	20	+3	—	—	—
50	12	Nth. West Mining	32	−1	—	—	—
178	115	Oakbridge $A1	137	......	Q12c	1.9	5.4
42	10	Otter N. L.	26	−2	—	—	—
102	30	Pacific Copper	96	−4	—	—	—
£$15\frac{1}{2}$	725	Pancont'l 25c	875	−25	—	—	—
40	12	Paringa M&Ex.5p	$23\frac{1}{2}$	......	—	—	—
570	310	Peko-Wallsend 50c.	478	−10	Q15c	3.3	1.9
300	50	Southern Pacific	185	+5	—	—	—
174	64	Westn. Mining 50c.	168	−2	Q3c	0.7	1.1
10	7	Westmex	9	......	—	—	—
100	35	Whim Creek 20c	60	......	—	—	—

TINS

1978-79 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	25	......	2.81	1.3	16.8
435	240	Ayer Hitam $M1	400	−15	Q300c	0.5	16.1
60	45	Beralt Tin	52	...	4.0	♦	11.5
305	190	Berjuntai $M1	250	−10	†Q110c	1.0	10.4
185	111	Geevor	155	+5	H5.57	5.5	5.4
11	$8\frac{1}{2}$	Gold & Base $12\frac{1}{2}$p	9	....	—	—	—
350	220	Gopeng Cons.	315xd	......	19.0	♦	9.5
340	130	Hongkong	340	+15	12.5	♦	5.5
93	64	Idris 10p	67xd	+1	‡12.0	1.6	‡
11	7	Jantar $12\frac{1}{2}$p	$9\frac{1}{2}$	......	—	—	—
84	63	Kamunting $M0.50.	75	−1	†Q12.5c	2.1	3.6
255	153	Killinghall $M1	255	......	—	—	—
470	280	Malay Dredging $M1	420	−15	Q175c	0.7	9.0
78	40	ΔPahang	49	−3	—	—	—
78	50	Pengkalen 10p	63xd	......	4.5	♦	10.7
270	165	Petaling $M1	220	−10	Q120c	1.3	11.7
87	49	Saint Piran	76	......	†2.03	6.5	4.0
70	47	South Crofty 10p.	56	......	†4.19	2.0	11.2
245	140	South Kinta $M0.50.	180	−5	†Q145c	0.6	17.3
370	230	Sthn Malayan $M1	350	−10	Q190c	1.0	11.7
245	134	Sungei Besi $M1	230	−10	mQ65c	5.3	6.1
85	55	Supreme Corp $M1	75	......	ZQ10c	—	2.9
103	84	Tanjong 15p	100	−3	6.60	0.3	10.1
270	148	Tronoh $M1	230	−15	‡Q88c	1.6	‡

COPPER

1978-79 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
104	54	Messina R0.50	100	−2	—	—	—

MISCELLANEOUS

1978-79 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
74	35	Barymin	68	−2	—	—	—
17	9	Burma Mines $17\frac{1}{2}$p	12	......	—	—	—
325	165	Cons. Murch. 10c.	300	−20	—	—	—
465	245	Northgate C$1	365	......	—	—	—
284	164	R.T.Z.	275	−5	9.5	2.8	5.2
90	30	Sabina Inds. C$1.	53	−3	—	—	—
£12	687	Tara Expln. $1	800	−55	—	—	—
235	120	Yukon Cons. C$1.	235	......	Q7c	2.9	1.4

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

1978-79 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
$$15\frac{1}{4}$	$$10\frac{1}{4}$	Buffels R1	$$13\frac{1}{2}$	$-\frac{1}{4}$	Q190c	♦	16.2
$$11\frac{3}{4}$	830c	East Drie R1	$11	$-\frac{1}{4}$	Q115c	♦	12.0
585c	330c	East Rand Prp. R1	430c	+5	Q10c	—	—
$$28\frac{3}{8}$	$$16\frac{1}{2}$	F.S. Geduld 50c	$$24\frac{1}{4}$	$+\frac{1}{4}$	Q315c	2.4	14.9
$$15\frac{1}{8}$	975c	Pres. Brand 50c	$$13\frac{3}{8}$	$-\frac{1}{8}$	Q150c	3.2	12.9
$$13\frac{1}{2}$	900c	St. Helena R1	$$13\frac{3}{4}$	$-\frac{1}{4}$	Q190c	1.4	16.5
510c	313c	Stilfontein 50c	505c	−5	Q66c	2.3	15.0
$$23\frac{3}{4}$	$$16\frac{1}{4}$	Vaal Reefs 50c	$$23\frac{1}{8}$	$-\frac{1}{8}$	Q280c	♦	14.0
$37	$25	West Drie R1	$$33\frac{7}{8}$	$-\frac{3}{8}$	†Q385c	1.7	13.1
$$31\frac{1}{4}$	$19	West Hldgs. 50c	$$29\frac{1}{2}$	$+\frac{1}{4}$	Q415c	1.4	16.2
$13	895c	Western Deep R2	$$12\frac{1}{8}$xd	$-\frac{1}{4}$	Q147½c	2.4	13.6

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♦ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stay unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

"Recent Issues" and "Rights" Page 32

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	26	......
Ash Spinning	108	......
Bertam	21	......
Bdg'wtr. Est. 50p	324	......
Clover Croft	28	......
Craig & Rose £1	615	......
Dyson (R. A.) A	35	......
Ellis & McHdy	69	......
Evered	26	......
Fife Forge	52	......
Finlay Pkg. 5p	21	......
Graig Ship £1	122	......
Higsons Brew.	70	......
Holt (Jos) 25p	252	......
I.O.M. Stm. £1	252	......
Pearce (C. H.)	198	−2
Peel Mills	24	......
Sheffield Brick	51	......
Sheff. Refrshmt	70	......
Sindall (Wm.)	120	......
IRISH		
Conv. 9% '80/82	£$87\frac{1}{2}$	$-\frac{1}{4}$
Alliance Gas	108	......
Arnott	390	......
Carroll (P.J.)	92	+2
Clondalkin	97	......
Concrete Prods.	135	......
Heiton (Hldgs.)	60	......
Ins. Corp.	162	......
Irish Ropes	100	......
Jacob	51	+1
T M G	185	......
Unidare	88	......

OPTIONS
3-month Call Rates

Stock	Rate
Industrials	
A. Brew	$6\frac{1}{2}$
BOC Intl.	6
B.S.R.	8
Babcock	11
Barclays Bank	25
Beecham	32
Blue Circle	18
Boots	15
Bowaters	14
B.A.T.	26
Brown (J.)	53
Burton 'A'	16
Cadburys	5
Courtaulds	10
Debenhams	8
Distillers	15
Dunlop	5
Eagle Star	10
E.M.I.	14
Gen. Accident	17
Gen. Electric	18
Glaxo	40
Grand Met.	$7\frac{1}{2}$
G.U.S. 'A'	20
Guardian	18
G.K.N.	22
Hawker Sidd	20
House of Fraser	12
I.C.I.	20
"Imps"	6
I.C.L.	40
Inveresk	7
KCA	3
Ladbroke	14
Legal & Gen.	14
Lex Service	7
Lloyds Bank	22
"Lofs"	4
London Brick	6
Lonrho	5
Lucas Inds.	25
"Mams"	12
Mrks. & Spncr	7
Midland Bank	25
N.E.I.	12
Nat. West. Bank	22
Do. Warrants	10
P & O Dfd.	7
Plessey	8
R.H.M.	5
Rank Org.	16
Reed Intnl.	12
Spillers	$3\frac{1}{2}$
Tesco	4
Thorn	22
Trust Houses	£18
Tube Invest.	30
Unilever	35
U.D.T.	4
Utd. Drapery	$7\frac{1}{2}$
Vickers	15
Woolworths	5
Property	
Brit. Land	$3\frac{1}{4}$
Cap. Counties	$4\frac{1}{2}$
E.P.	$3\frac{1}{2}$
Intreuropean	5
Land Secs.	16
MEPC	12
Peachey	8
Samuel Props.	9
Town & City	$1\frac{1}{4}$
Oils	
Brit. Petroleum	45
Burmah Oil	8
Charterhall	$2\frac{1}{2}$
Shell	28
Ultramar	16
Mines	
Charter Cons.	12
Cons. Gold	12
Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Friday February 9 1979

Official reserves to be revalued

By Peter Riddell, Economics Correspondent

BRITAIN is to revalue its official reserves of gold and foreign currencies on a basis more closely related to market prices than in the past. At present values, this would add $9\frac{1}{2}$bn to the end-January published total of 16\frac{1}{4}$bn.

The move, announced last night in a Parliamentary written answer by Mr. Denis Healey, the Chancellor, is essentially an accounting adjustment and does not change the real estate of the UK's reserves or the debt repayment policy.

The proposal brings the UK into line with several other European countries and follows a change in the International Monetary Fund's rules allowing countries to value gold as they wish.

Until now the UK has valued its gold at the pre-1971 official price of $42.22 an ounce, with Special Drawing Rights, the IMF's currency unit, and non-dollar currencies valued at early 1970s exchange rates.

Change resisted

The UK has in the past resisted a change which would increase the relative share of gold in the reserves.

Now the reserves will be revalued on each March 31 with gold included at a 25 per cent discount to the average London daily price over the previous three months. Special Drawing Rights and non-dollar currencies will be included at average market prices over the three months to the end of March. All valuations will be in dollars.

The discount on gold has been adopted because of the possibility that, if gold were to be sold or pledged during the course of a year, it might not be saleable at the market price of the previous March 31.

As the dollar has fallen against gold and other major currencies the previous basis has resulted in a significant undervaluation in terms of the dollar.

Main impact

The main impact will be on gold in view of the large difference between the valuation used until now and the market price—a gap of $4\frac{1}{2}$ times even allowing for the 25 per cent discount. At present gold amounts to $950m of the reserves.

About three-quarters of the $14.36bn of currencies in the reserves probably consists of dollars so the revaluation of the non-dollar content and the $950m of Special Drawing Rights is less significant.

Most other countries value their holdings of Drawing Rights and foreign currencies at market related rates, though Italy, France and the Netherlands also value their gold holdings at market-related rates.

Weather

UK TODAY

BRIGHT and sunny in most areas. Remaining cold.

London, E. Anglia, Midlands, E. Cent. N. and N.W. England, N. Wales, Isle of Man, N. Ireland

Dry and bright. Cold. Max. 4C (39F).

S.E., Cent. S. and S.W. England, S. Wales

Rain, sleet and some snow. Cold winds. Max. 4C (39F).

Channel Islands

Cloudy. Some rain. Milder. Max. 5C (41F).

Rest of Britain

Dry, sunny. Cold. Max. 3C (37F).

● Outlook: Dry and cold with night frosts.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	7	45	Jersey	C	3	37
Algiers	F	21	70	L. Plms.	C	24	75
Amsdm.	S	4	39	Lisbon	R	15	59
Athens	R	10	50	Locarno	C	7	45
Barclna.	F	15	59	London	C	4	39
Belfast	F	2	36	Luxmbg.	S	2	36
Belgrd.	C	4	39	Luxor	F	24	75
Berlin	Sn	1	34	Madrid	R	14	57
Biarritz	C	15	59	Majorca	F	17	63
Bmghm.	C	1	34	Malaga	S	19	66
Blackpl.	S	3	37	Malta	S	16	61
Bordx.	R	11	52	M'chstr	F	3	37
Bristol	C	1	34	Milan	Fg	3	37
Brussels	S	4	39	Munich	R	7	45
Budpst.	C	1	34	Naples	F	13	55
Cardiff	C	1	34	Nwcstl.	S	4	39
Cas'b'ca	F	26	79	Nice	F	14	57
Cologne	F	3	37	Oslo	S	−1	30
Cpnhn.	Sn	−3	27	Paris	C	4	39
Corfu	F	11	52	Prague	Sl	0	32
Dublin	F	3	37	Reykjvk.	C	2	36
Dbrvnk.	F	12	54	Rhodes	C	14	57
Ednbgh.	S	2	36	Rome	S	15	59
Florence	F	11	52	Salzbrg.	C	6	43
Frankft.	S	3	37	Stckhm.	C	−2	28
Funchal	S	22	72	Tangier	S	22	72
Geneva	C	9	48	Tel Aviv	F	17	63
Gibrltr.	F	18	64	Tenerife	F	20	68
Glasgow	S	1	34	Tunis	F	17	63
G'rnsey	C	4	39	Valencia	C	20	68
Hlsnki.	Sn	−6	21	Venice	C	5	41
Innsbrk.	C	5	41	Vienna	F	1	34
Invrnss.	F	0	32	Wrsw.	Sn	−3	27
I.o.Man	S	3	37	Zurich	R	7	45
Istanbul	C	5	41				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Japanese airline to order six Airbuses in £112m deal

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

TOA DOMESTIC AIRLINES, the smaller of Japan's two internal air carriers, is to buy six European A-300 Airbuses at a cost of about $225m (£112m).

The order will be the first from a Japanese airline for European aircraft since the early 1960s, and should make a significant dent in the EEC's huge trade deficit with Japan, which amounted to over £2.5bn last year.

TDA says it decided to buy the A-300 in preference to the American Douglas DC-10 because of the aircraft's suitability for short-haul high density routes between Tokyo and other major Japanese cities.

The A-300 is quieter than the DC-10 and can take off from a 2,000-yard runway (2,500-yards for the DC-10). It is also significantly cheaper to operate, although passenger capacity is lower than that of the DC-10.

France and West Germany have the major stakes in Airbus Industrie, the consortium building the A-300. The UK Government has been directly involved from the beginning of this year when British Aerospace acquired 20 per cent of Airbus Industrie's shares.

The French and West German aircraft industries contribute an estimated 40 per cent each of the value of the A-300 airframe with the UK accounting for about 16 per cent.

The aircraft bought by Toa Domestic Airlines will have engines manufactured by General Electric of the U.S. Some of the engine work will be sub contracted by GE to Snecma of France and MTU of West Germany. Other European countries involved in building or helping to build the A-300 are Holland and Spain.

Airbus Industrie began trying to sell A-300s in Japan in 1972 but became seriously interested in the Japanese market in late 1977 when it became clear that Toa would be awarded important new trunk routes within Japan and would almost certainly need to buy wide-bodied aircraft to serve them adequately.

Throughout the early part of 1978 Toa appeared uncertain whether to give precedence to the purchase of wide-bodied aircraft over an alternative aircraft purchasing plan—the replacement of its short-haul turbo prop YS-11 aircraft used on routes to smaller Japanese cities with 1,200-yard runways.

The YS-11 replacement plan was finally shelved last autumn to the disappointment of British Aerospace which hoped that the aircraft selected by TOA would be the BAC One-Eleven.

TOA said yesterday that it planned to write a letter of intent committing it to the purchase of six Airbuses in about one month and to sign a contract with Airbus Industrie by the early summer.

The first Airbus will not be delivered to Japan until December 1980, but TOA expects to make a down payment equivalent to 10 per cent of the whole order before the end of 1979. The airline also expects to place further orders for the A-300, possibly acquiring a total of 12 aircraft by about 1985.

British consortium to buy Ashland's Thistle stake

BY DAVID LASCELLES IN NEW YORK

A CONSORTIUM headed by British National Oil Corporation is to buy Ashland Oil's 5.43 per cent interest in the Thistle Field for $94.5m (£47m), marking a further increase in Britain's equity interest in North Sea oil.

BNOC's stake in the consortium is 50 per cent, the remainder being split equally between Charterhouse Petroleum Development and Ultramar Exploration. Mr. Alastair Morton, BNOC managing director for finance, who is in the U.S. to conclude the deal, said he welcomed it as an example of co-operation between the British public and private sectors.

Operator

The acquisition will bring BNOC's interest in Thistle—where it is the operator—to 19 per cent, and Charterhouse's to about 2.5 per cent. Ultramar has no existing interest in the field, though it is involved in the North Sea through its share in the Beatrice field.

Production from Thistle, a medium-sized North Sea field is running at about 100,000 barrels a day and is due to reach 200,000 around the end of the year.

The acquisition is to be completed by May and takes the form of the sale by Ashland Oil (GB). Most of the purchase price though, consists of the assumption by the British consortium of Ashland's British bank debt. Only some $10m will be paid in cash.

The consortium did not negotiate for Ashland's 6.3 per cent interest in the Brae Field, which is also for sale. Mr. Morton said it would have been "too complicated" to fit two quite different fields into a single package. Ashland's Brae interest includes a commitment to "carry" Bow Valley, the Canadian company which has a large share in the field, but lacks the resources to develop it.

Charterhouse Petroleum Development, which is part of the Charterhouse financial conglomerate, said it joined the consortium because it believed that more of the equity in North Sea oil should be owned by British companies. Mr. David Roberts, the director in charge of negotiations who is also in the U.S., said Charterhouse and Ultramar would sell their share of the oil to BNOC at market prices.

U.S.-based

Ultramar is majority-owned by British shareholders, but it is based in New York State.

Ashland's sale is part of its divestiture programme announced last year under which it aims to sell most of its oil and gas properties in the U.S. and abroad, and will concentrate on refining and marketing.

Most of the U.S. properties have now been sold. The remaining foreign properties unsold include, apart from the Brae Field interest, fields in Sharjah, Nigeria and Indonesia. The company is expected to net about $1bn from these sales.

Encourage industrial innovation, report says

By David Fishlock, Science Editor

THE GOVERNMENT must find new ways to encourage innovation, including tax incentives for innovating companies, if it wants its industrial strategy to succeed, says a report expected to be laid before the Cabinet this month.

The report, from the Advisory Council on Applied Research and Development under its chairman Lord Peart, Lord Privy Seal, is highly critical of post-war efforts to stimulate innovation in Britain.

It urges the Government to put greater emphasis on improving manufacturing technology and the quality of products and less on the development of novel products.

Dr. Alfred Spinks: Real problems neglected.

The report was produced by a working party under the chairmanship of Dr. Alfred Spinks, director of Research at ICI and a deputy chairman of the advisory council. Dr. Spinks said yesterday that governments had neglected the real problems of innovation, such as the cost of entering a market and the long periods of negative cash flow it entailed.

"So we have given most emphasis to the lubrication by Government of the innovative process," he said.

The report, although not a blueprint for rectifying the problem, contains recommendations for Government action involving financial institutions, industrial organisations such as trade and research associations, and educational bodies.

It also recommends that Government action should focus on improving industry's awareness of developments overseas, and on providing support for companies to update manufacturing technology.

Above all, the report emphasises the crucial importance in a thriving industrial community of the small company based on an innovative idea—the "new technology based firm"—and the need for Government to encourage the creation of far more such companies.

Industrial Innovation, SO, £1.

UK industry's attitude to Innovation Page 19

UK to promote farm expansion regardless of EEC surpluses

BY CHRISTOPHER PARKES

THE BRITISH Government has signalled defiantly to the Common Market Commission that it intends to promote the expansion of the farming industry—dairy production in particular—in a policy White Paper* published yesterday.

Mr. John Silkin, Minister of Agriculture, said he expected it to be considered "highly provocative" in Europe.

In the face of heavy pressure from the Commission for action in all EEC countries to reduce the structural dairy surplus, the document says butter and cheese provide the main scope for expansion in Britain.

At present the UK imports two-thirds of its butter and a third of its cheese, the White Paper notes.

Milk output, given constant real prices, is expected to grow by 16 per cent by 1983, according to a study ** of prospects published at the same time as the policy paper. Even if prices were to fall in real terms by 1 per cent a year, the study says, total production would still rise 9 per cent.

The White Paper reinforces the Government's attitude towards the Common Agricultural Policy of the past two or three years. That is that surpluses are not produced in Britain, so British farmers should not bear the burden of righting the imbalances elsewhere.

"The Government's fundamental aims in continuing to seek to reform the Common Agricultural Policy (CAP) are to encourage low-cost and discourage high-cost production, and to get a better balance between supply and demand," the paper says.

"From the economic point of view restraining high-cost Community production is consistent with expanding low-cost efficient production in the UK."

The paper also backs expansion of the British sugar industry, another sector where the Community as a whole suffers from a costly structural surplus.

'Green pound'

It also boasts that improving efficiency will lead to greater national self-sufficiency in cereals — yet another commodity in surplus in the EEC.

Having learned a hard lesson in the droughts of 1975 and 1976 which made nonsense of farm production targets listed in the White Paper's forerunner, published in 1975, Food from our Own Resources, the authors have not included specific objectives.

They have restricted forecasts to a prediction in the parallel study that the net product of British agriculture in five years' time might be some 10 to 20 per cent higher than at present.

Existing policy towards the row over Community farm trade financing methods will continue largely unchanged, the paper shows.

Officials confirmed that the present Government's plan is to permit moderate annual adjustments in the value of the "green pound" which will have the effect of keeping farm prices constant in real terms for the next five years or so.

The "green pound" is the special exchange rate used for translating Common farm prices into sterling.

For the rest of the Community, Britain aims to hold Common prices at current rates until prices in the UK match them and the "green pound" has been devalued to parity with sterling.

Changes in prices and production patterns over the next five years are expected to lead to increased demand among consumers for beef, pork, poultry, fruit, vegetables and both alcoholic and non-alcoholic drinks.

Consumption of sugar, cereal-based foods, lamb, oils and fats is expected to decline.

Warning of increasingly tough competition from other EEC members for shares in the British food market, the paper says a special committee of inquiry is to be set up to investigate ways in which marketing can be improved.

* Farming and the Nation. White Paper. HMSO. 80p.
** Possible Patterns of Agricultural Production in the United Kingdom by 1983. HMSO. 60p.

White Paper details Page 27

Continued from Page 1

Lending rate up to 14%

The official view is that moving up in line with the market is sufficient to take account of the inflationary and money supply uncertainty in the first few months of this year, especially as the external side is stable.

But several City analysts believe that MLR could move even higher.

The move made little impact on sterling yesterday. The trade-weighted index dropped by 0.1 to 63.4. This was largely in response to a recovery in the dollar, which was reflected in a 90-point fall in sterling to $2.0050.

The rise in MLR led to sharp clashes in the Commons between the Prime Minister and Mrs. Margaret Thatcher.

Mr. Callaghan repeated earlier warnings that high pay settlements in the public sector, in particular for local authority workers, were bound to lead to a review of total Government expenditure and borrowing.

The Prime Minister said the rise in MLR partly reflected a degree of uncertainty about pay settlements, and was partly a step in the direction of maintaining the stability of the pound.

In reply, Mrs. Thatcher said the rise was disastrous for home-buyers, and that if the Prime Minister genuinely wanted to get inflation down he would reduce Government borrowing.

Sir Geoffrey Howe, the Shadow Chancellor, said the rise was "another hammer blow to the confidence of industry on which jobs depend. By itself this falls far short of the measures that are necessary to restore the health of our economy."

This theme was taken up by Sir John Methven, the director-general of the Confederation of British Industry, who said that higher interest rates would mean that companies had less money to invest, and that there would be fewer jobs.

He called on the Government to cut its spending plans.

THE LEX COLUMN

Another dose of old medicine

The one an da half point rise in Minimum Lending Rate was just about the smallest that the authorities could get away with. Since the last rise in MLR, three months ago, money rates have risen by two percentage points. But, whereas the previous move was very much a pre-emptive strike by the authorities in order to establish a new interest rate level, yesterday's action merely brought the official rate into line with the market.

For investors the key question now is whether yesterday's rise in MLR will prove sufficient to tempt the gilt edged buyers back into the market on a large scale. Or are the bulls waiting for yet another "package" before they pile back in?

The initial conclusion must be that yesterday's exercise was no more than a limited success. As one seasoned trooper in the discount market put it "they have fired MLR yet again without bringing on any supporting artillery." As usually happens after a sudden jump in MLR the authorities were able to do a spot of funding. After he had axed the price of the long tap, Treasury $12\frac{1}{2}$ per cent 2003-05, by £$7\frac{1}{2}$ (not counting accrued interest), the Government broker sold perhaps £300m to £400m. But neither of the taps was exhausted—the short tap was not even activated—and the really big money is still hovering on the sidelines.

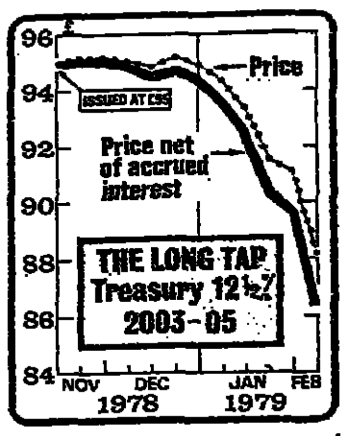
Down in the discount market nothing surprises them any more. In just nine months MLR has more than doubled, which is a considerably greater feat than in 1976 when it only rose from 9 per cent to 15 per cent. At least now that the rate has been increased to 14 per cent it removes the uncertainty—temporarily at least. But such is the scepticism of the market these days that it was impossible to find a discount house last night that believed, beyond a reasonable doubt, that 14 per cent will prove the peak.

The uncertainty of the discount market has also infected the clearing banks which might have been expected to have raised their base rates already. Without question they will be going up, but the banks clearly want to see where rates settle down before they move. If they leapfrog MLR, it might look a trifle provocative given the huge profits they will soon start announcing, so the bet is that they will set their base rates at 14 per cent, and the more adventurous might start competing on deposit rates. Meanwhile building society rates are roughly two full points out of line.

The behaviour of the gilt-edged market yesterday was subtly different from that on the last occasion, on November 9, when a rise in MLR triggered tap buying. Then, buyers of stock were peeved when they saw the jobbers covering their bears from the Government Broker at lower prices. So yesterday there appears to have been a fair amount of arguing between clients, brokers, jobbers and the Government broker before the GB was convinced he would sell substantial amounts of stock and the institutions were assured they would get the benefit of the lowest possible price.

In the event the GB finished at £88, though he may respond to bids at $88\frac{1}{2}$ or $\frac{3}{4}$ this morning. Given any significant demand the authorities could be tempted to declare the tap exhausted and start afresh with a stock less embarrassingly distant from par. At least the Government has got a useful amount of funding under its belt well before the end of what could be a tricky banking month for the money supply. But it has involved butchery of the long tap price, and many fund managers are bound to feel that even higher yields could yet be available.

Index fell 6.3 to 448.9



Imperial Group

Consumer demand picked up sufficiently in Imperial Group's second half to wipe out, with a bit to spare, the reversal of the first six months. Still, an improvement from £129.1m to £131.1m pre-tax for the full year, effectively marking the third year on a plateau, is scarcely exciting, and the market will be hoping for something a little more impressive this year.

Certainly the prospects look reasonable. In tobacco, trading profits recovered a little in the second half of 1977-78 thanks to slightly wider margins in the rapidly growing king size sector, and to the impact of the 2p a packet price rise from August. Since then, the price war which peaked at the time of the launch of BAT's State Express brands has eased, and margins must have improved significantly. Underlying trading profits from tobacco, incidentally, were at least £8m better last year, £66.3m (down 5 per cent) than they appeared to be, given that the new tobacco tax system released around £100m in cash with consequent interest savings which helped the non-trading surplus.

The food division's 18 per cent setback to £27.1m was more genuine, but even here the second half was much better than the first, and the poultry market has apparently improved from the depths of the recession it was suffering at the time of the Eastwood take-over in September. As for Courage, steady growth of around 14 per cent was the pattern last year, and the market share is said to be edging higher.

Given a free run, Imperial ought to be able to push profits to £150m or more before tax this year, underlining the defensive appeal of a yield of 11.3 per cent at $57\frac{1}{2}$p. But both the tobacco and brewery sides face the likelihood of quite sharp duty rises soon (executives were nervously studying the Irish Budget yesterday) and a sizeable political question mark hangs over Courage's planned 3p a pint price rise.

Philips/Pye

Some speculative buying interest in the shares of Pye Holdings has rather forced the hand of Philips, which holds 60.7 per cent of Pye. It has come up with a statement to the effect that it is considering some reconstruction of Pye, which might involve a cash payment to the minority shareholders.

Philips is not saying yet exactly which parts of Pye it wants for itself, but some Pye subsidiaries, notably Pye TVT, Pye Telecommunications and Pye Business Communications, are already closely integrated with Philips. The troubled Pye TMC is treated like a Philips subsidiary in that Philips takes its profits and subsidises its losses.

Two years ago Philips took over the consumer products division of Pye without being accused of going back on its earlier commitment to preserve Pye's separate British identity—but the consumer side was making losses. Pye shares have now risen $14\frac{1}{2}$p to $90\frac{1}{2}$p over the last two days.

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Siemens

Brazil under the deal bitterly attacked by President Carter last year. There are fears that both countries may eventually try to build nuclear weapons.

The Bonn Cabinet, which is well aware of the Left-wing storm it could expect at home from any such deal with Argentina, is reported to be discussing the question at a further meeting to be devoted to nuclear energy next week.

Dependence

The Siemens chairman said KWU could, to some extent, lessen its dependence on nuclear power, if it could win new orders for conventional plant. But he did not attempt to hide the dangers to the company's existence as a nuclear power contractor if it could not win orders at home and carry them out.

Herr Plettner's remarks coincided with a round of ministerial discussions in Bonn under Chancellor Helmut Schmidt which was reported to have produced similar concern about both the outlook for the nuclear power industry and the serious shortage of generating plant.

Confident lobby

The Bonn coalition parties each adopted carefully-worded conference resolutions in late 1977 that did not completely close the door to nuclear power. Yet the Government has not wanted to test its strength against the increasingly confident anti-nuclear lobby until it could resolve the problem of disposing of large volumes of nuclear waste.

In the Bonn talks this question is believed to have been considered once again, and the Federal Government is thought to have pressed the Lower Saxony State Government for a decision to allow prospecting to go ahead at the projected dump site in salt caverns near Gorleben on the Elbe.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.